

The NATIONAL UNDERWRITER



You well know the serious and imperative need today for Fire Protection and Fire Prevention. You realize the terrific toll fire is taking of lives and property. You understand only too well how increasingly serious the problem of fire waste in this country is.

Everyone of us therefore should take an active part in the Fire Prevention Program of the National Board of Fire Underwriters, looking to a reduction of this needless, staggering fire waste. *You, too, can help:* (a) In disseminating fire prevention information with the aim of saving lives and property. (b) In greater civic interest and activity in local fire protection and prevention. (c) In inspections to find and remove hazards to life, particularly in public places. (d) In movements for better building codes and improvement in local safety ordinances of all kinds. (e) In conservation of resources, woodlands and forests.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY LIMITED
THE PENNSYLVANIA FIRE INSURANCE COMPANY
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK
THE MERCANTILE INSURANCE COMPANY OF AMERICA
THE HOMELAND INSURANCE COMPANY OF AMERICA

150 WILLIAM STREET, NEW YORK 7, N. Y.

New York -- Philadelphia -- Boston -- Detroit -- Chicago -- San Francisco

THURSDAY, JANUARY 8, 1948

NATION-WIDE
 MULTIPLE LINE INSURERS—
 CONDUCTING THEIR BUSINESS
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 AGENTS AND BROKERS—
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Seabury Counts News Years Blessings of Insurance

M. & M. Chairman Under- takes to Dispel Gloom at Notable Luncheon

The new year started off for insurance company officials at Chicago on a pleasant, cordial and optimistic note, thanks to Marsh & McLennan, which was host at a luncheon at the Chicago Club Monday for about 150 Chicago fire and casualty managers, and bureau and association executives. It was an occasion for exchanging greetings and the group departed with spirits much elevated due to the message of optimism, and praise of insurance company services, that was delivered after the luncheon by C. W. Seabury, chairman of Marsh & McLennan. Also speaking briefly was Insurance Director Parkinson of Illinois. President Lawrence Kennedy of M. & M. was scheduled to be on hand, but he was stricken with the "flu" and could not leave New York.



C. W. Seabury

Mr. Seabury recalled that the late Donald R. McLennan always valued highly his friendly association with western department executives and whenever he was able to do so, he made the rounds of company offices to visit the managers. He said that M. & M. is "keen on the personal equation" believing that the better one knows people, the more satisfactory are the business relationships.

Would Dissipate Gloom

Mr. Seabury said that he has detected a sense of gloom in the insurance business, a feeling that all is "going to the dogs." Such a feeling, he contended, is wrong and he said those in the business should undertake to count their blessings as well as their problems. Foremost among the blessings is the fact that "we are in the insurance business." The longer one is in it, the better he likes it. It is fun. It provides something new to tackle every day. If it were not for insurance, the economy of the country couldn't be what it is today.

He exhorted the group to sell the insurance business as a business and be proud of it. He recalled the magnificent work that insurance did during the war, he pointed out how it had helped to make the people secure during that trying period.

Far Sighted Founders

Mr. Seabury recalled that he had been in England last May and June, and he said he visited the head office of London Assurance, which was established in 1720. This company, he said, at that time had the exclusive authority along with Royal Exchange, to do marine insurance in the British empire. The founders of that company very shortly envisaged a greater scope for insurance, and in 1721 they amended the charter in such broad fashion that this company has been able to engage in every kind

Finlayson Retires as Canadian Chief After 33 Years

OTTAWA — One of the leading insurance figures in Canada, G. D. Finlayson, superintendent of insurance for Canada, has retired from that position. This is revealed in an official announcement by Prime Minister King. He is to be succeeded by Robert W. Warwick.

Mr. Finlayson was born in 1882 at Merigomish, N. S., and graduated at Dalhousie University.

He entered the Dominion insurance department in 1907 and had been the superintendent since 1914.

La. Wind Loss Set at \$350,000

The tornado which struck Cotton Valley, Haynesville and Mooringsport, La., Dec. 31, caused an insurance loss estimated at \$354,000 by General Adjustment Bureau. In Cotton Valley practically all of the 500 buildings were damaged and 100 were completely destroyed. It is estimated claims will number 350 with an average loss of \$750. At Haynesville there will be approximately 300 claims with an average of \$250.

Mooringsport will have 25 claims with an average of \$75. Rural, auto and miscellaneous claims will run about 50 with an average of \$200. General Adjustment Bureau has set up temporary offices at Minden to handle adjustments.

of insurance that has developed, including life, without again amending its charter. He said this exemplified the foresight that has characterized insurance management in general.

Mr. Seabury said that questions that arise in the business should be looked upon as problems that are susceptible of solution rather than trouble, which can only be endured stoically.

He said that insurance has been free from government interference, and a type of legislation that has plagued other industries such as packers, steel companies, automobile manufacturers. The problems engendered by public law 15, he said, have been uppermost in his mind, but he feels strongly that the insurance business is too big, too fine and too important to suffer damage from external sources. Internal strife, he said, is the only thing that can cause havoc in the insurance business.

Sympathetic With Problems

Mr. Seabury said that Marsh & McLennan is sympathetic with the problems of the companies such as that of capacity and lack of capital. The insurers, he declared, have done a magnificent job in taking the large lines that have been offered to them. Likewise, he asserted, the agents and brokers have done a good job in meeting the situation.

He said he appreciates that the companies have a problem, not only on the loss side of the ledger, but in the matter of expenses, too, and that he recognizes that commissions constitute a very important part of the expenses. Marsh & McLennan, he said, is prepared to co-operate in connection with the matter of commissions, some of which he declared, are undoubtedly too high, but some of which may be too low in the light of the servicing expense involved. Marsh & McLennan desires to approach the problem in a spirit of friendliness, cooperation and optimism.

Mr. Seabury declared that the insurance company men in the west have been

(CONTINUED ON PAGE 28)

Says '47 Fire Loss "Deflated" Reached 80% of '26 Peak

Fire losses for 1947 are less than 80% of the previous peak year of 1926 if measured in terms of relative physical destruction, Horatio Bond, chief engineer of National Fire Protection Assn., reported to the fire department instructors conference meeting at Memphis. A substantial part of 1947 loss estimates are inflationary in character and do not represent actual physical destruction. In 1926 dollars, 1947 losses would, he said, be only about \$440 million.

According to Mr. Bond, building and commodity costs have gone up more than one and one-half times since 1926. The inflationary current annual estimates can be deflated by a simple average of well-known cost indexes. Mr. Bond reported that "deflated" annual fire loss estimates since 1916 show, not a single peak of losses in 1926, but peaks in 1922, 1926, and 1932. The index of deflated loss figures (1926 equals 100) reached a low point of 47 in 1937 and was 73, 74 and 78 for the past three years which supports Mr. Bond's contention that there is a leveling off process rather than a skyrocketing effect.

Mr. Bond said that fire loss estimates not only may be incomplete but very far from properly indicative of the level of loss from year to year. Great difficulties stand in the way of arriving at a representative annual fire loss figure, he explained. There is always a part of the loss which is not insured and therefore hard to measure. This is particularly true, he said, in the case of large fire losses which produce very great economic dislocations where the effects cannot be accurately estimated in dollars. Currently, the amount of insurance coverage is frequently far from complete. Fire losses are also not separated in the case of fires in ships, piers, terminal warehouses, freight sheds and like locations, where insurance is under a marine or inland marine form. There are increasing amounts uninsured because the risks are so great that insurance cannot be obtained.

Even if the dollar fire loss indicates we are burning more the amount destroyed may be proportionately less. Since the peak fire loss year of 1926 the population has increased in the United States from 117 million to 143 million and this as well as the war effort have added tremendously to the number of physical risks.

Mr. Bond said N.F.P.A. listed 26 fires in 1947 in which the loss would probably exceed \$1 million. Major disasters were Texas City, the forest conflagrations in New England. The frequency of peacetime emergencies justifies the reestablishment of statewide agencies for handling disasters similar to the wartime civilian defense organizations in the various states, he declared.

Mr. Bond was a wartime consultant on incendiary bombing and is currently a member of the safety and industrial health advisory board to the Atomic Energy Commission. He said the ease with which our cities might be destroyed make it important for the various states to have civilian defense organizations. No state has an adequate organization for civilian defense and most states have none at all.

America Fore will conduct its western department field meeting Jan. 20-21 at the La Salle hotel, Chicago. Several officials from New York will attend.

E. A. Henne, vice-president in charge of the western department, will preside. The first day's session will be of a general nature with a banquet in the evening. On the second day there will be underwriting group discussions.

Cite Insurers Under Ohio Anti-Compact Law

Superintendent Shield Summons Fire Companies to Answer Charges

COLUMBUS—Superintendent Shield of Ohio has announced that he has begun the citation before him of several fire insurance companies in connection with alleged violation of section 9563 of the Ohio general code, known as the anti-compact law.

The action of many fire companies, Mr. Shield said, in adopting an identical scale of commissions at Cincinnati and Cleveland, effective Jan. 1, 1948, has caused many complaints to be filed with the department, alleging a violation of this law, the pertinent provisions of which prohibit such companies from entering into a compact or combination with other insurance companies for the purpose of controlling the rates, percent amount of commission, or compensation to be allowed agents for procuring contracts for fire insurance. The penalty for a violation of this law, Mr. Shield pointed out, is a revocation of the company's license for not less than three years.

Mr. Shield said that the question of the amount of commission that companies pay their agents is strictly a matter of contract between them and is in no way involved in the proceedings, and that the only question to be determined is whether the companies have violated the law by entering into a compact to pay the same rate of commission to their respective agents.

Filing of suits under the Ohio Valentine act, the anti-trust law, is contemplated, it is said, by Summit county agents at Akron in the commission reduction battle. Similar action also has been discussed at Dayton, it is stated.

RESIST IN BALTIMORE

BALTIMORE — Baltimore agents have appointed a committee to deal with E.U.A. advisory action with respect to changes in territory and commissions and are to resist these changes to the fullest extent possible.

INDIANA ACTION

INDIANAPOLIS—The directors of Indianapolis Insurance Board adopted a resolution in opposition "to the attempt of some insurance companies to reduce agency commissions without prior discussion of such changes with the agents involved, and without due consideration of the terms of their agency contracts."

The "greatly increased cost of doing business" is referred to in the resolution, and agents are counseled to "submit their January and subsequent monthly accounts in accordance with their existing individual agency contracts."

It is also resolved that "its members decline to accept any future reductions in commissions without prior consultations, negotiations and mutual agreements."

KANSAS CITY AGENTS REVEAL CORRESPONDENCE

Insurance Agents Assn. of Kansas City has released for publication its cor-

(CONTINUED ON PAGE 28)

Give Complete Picture of WDC Results

WASHINGTON—Continuing liquidation of the affairs of War Damage Corporation, RFC says in its report for the fiscal year ended June 30, 1947, that such liquidation activities "consisted in the main of settling 866 claims requiring an expenditure of approximately \$893,400 and carrying on the audit of

those companies which acted as fiduciary agents."

As of June 30 WDC had paid out an aggregate of \$73,000 in settlement of 279 claims under the war damage policy program, and under the so-called "free" war damage insurance program, \$1,201,000 was expended in settlement of 1,503 claims for loss prior to July 1, 1942.

More than 8,700,000 WDC policies or renewal certificates were issued through company agents of WDC, which represented potential liability of \$140 billion. Premiums collected amounted to almost \$250 million.

Net income was \$209,827,810 for the period Dec. 13, 1941, to June 30, 1947, which such was turned over to the Treasury since June 30.

The report lists \$20,016,460 liability to companies for participation in the WDC program and \$76,000 "provision for claims" arising under the program.

Net Premiums Collected

WDC net premiums collected from date of incorporation to June 30, 1946, are listed in the report as \$246,042,270, on which interest earned \$7,688,608 and miscellaneous income in the fiscal year

ended June 30, 1947, was \$2,297,628.

From these receipts the report shows deductions totaling \$46,259,544, which included: Commissions and administrative expenses \$23,735,826; provision for payments to participating companies of their share of the profits of the program, \$20,030,236. Much of this last has already been paid to companies. These deductions resulted in net income of \$207,471,334 to June 30, 1946.

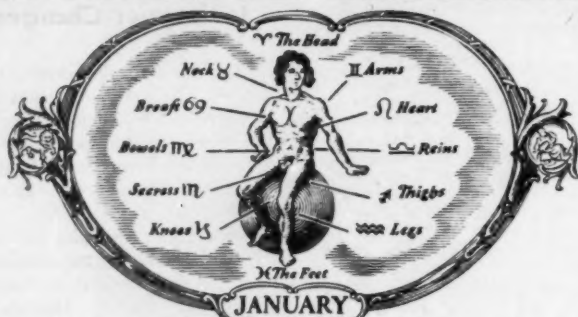
The RFC report mentions among adjustments made one of \$325,000 "resulting from reversal of previously established reserve for self-insurance in lieu of additional commercial fidelity bond coverages."

The report says: "It is the general policy of RFC to act as self-insurer with respect to loss risks, except that blanket commercial fidelity bond coverage of \$100,000 was in effect at June 30, 1947, in addition to commercial coverage for certain public liability and maritime risks."

It was explained that several years ago RFC set up a reserve account at the rate of \$25,000 a year as reserve in connection with self-insurance. That reserve at that rate finally reached \$325,000. RFC in its "adjustment" is "backing out" this accumulation and will carry no reserve for so-called fidelity bond coverage. It will self-insure without a reserve.

This report added that RFC lessees of plants and facilities generally are required to carry fire and extended coverage in accordance with the provisions of the lease agreements.

INSURANCE CALENDAR



In January, 1773, Benjamin Franklin started Poor Richard's Almanack, vowing his purpose was to "do public good... and to make a little for Poor Richard". His "good" increased yearly, and so, in direct proportion, did his profits! Starting with an identical philosophy, public good from insurance has increased yearly at a steadily decreased rate!

1948—JANUARY hath 31 days

"Resolve to cherish peace..."

- 1—Th.—NEW YEAR'S DAY. 1946, Auto tires off ration list.
- 2—Fr.—1942, Japs occupied Manila, Cavite Naval Base.
- 3—Sa.—Last Quarter, 6:13 A. M., E. S. T.
- 4—Su.—1911, U. S. Postal Savings Bank opened.
- 5—M.—1883, First appendix yanked (yc Doc B. Grant).
- 6—Tu.—1892, Franklin Engine Co. established—later joined Fire Assn.
- 7—W.—1789, First United States national election.
- 8—Th.—1863, Ground broken for Central Pacific R. R.
- 9—Fr.—1946, 7,704 telephone workers in 44 states went on strike.
- 10—Sa.—1946, Fifty-one nations met in London for first General Assembly of United Nations.
- 11—Su.—New Moon, 2:44 A. M., E. S. T.
- 12—M.—1942, Japan declared war on the Netherlands.
- 13—Tu.—1942, War Production Board established.
- 14—W.—1907, Earthquake and fire destroyed greater part of Kingston, Jamaica.
- 15—Th.—1861, Otis elevator patented.
- 16—Fr.—1920, Prohibition Amendment became effective.
- 17—Sa.—1706, Birth of Benjamin Franklin—statesman and scientist—in Boston.
- 18—Su.—1943, 17 month siege of Leningrad broken.
- 19—M.—First Quarter, 6:32 A. M., E. S. T.
- 20—Tu.—Get complete property insurance coverage at today's replacement costs!
- 21—W.—1944, RAF dropped 2000 tons of bombs in France.
- 22—Th.—1895, National Association of Manufacturers organized.
- 23—Fr.—1890, Woman's Christian Temperance Union founded at Cleveland, Ohio.
- 24—Sa.—1848, Gold discovered in California.
- 25—Su.—1921, Athens, Ga. fire—3 city blocks burned—\$4,000,000 damage.
- 26—M.—Full Moon, 2:11 A. M., E. S. T.
- 27—Tu.—1945, New York Yankees sold to syndicate headed by Col. MacPhail.
- 28—W.—1880, Incandescent lamp patent issued to Thomas A. Edison.
- 29—Th.—1946, Ten lives lost in hangar fire at Tinker Field, Oklahoma City, Okla.
- 30—Fr.—1944, U. S. began bombardment of Wake and Marshall Islands.
- 31—Sa.—1882, Franklin D. Roosevelt born.
- 31—Sa.—1943, German Generals surrendered at Stalingrad.

OBSERVATION for January: In a period of rising prices, no man can be sure he's getting continuously adequate coverage unless he has his insurance checked frequently by an expert.

PROPERTY INSURANCE
Fire—Auto—Marine—Aviation

FIRE ASSOCIATION GROUP

Fire Association of Philadelphia
The Reliance Insurance Company
PHILADELPHIA



Lumbermen's Insurance Company
Philadelphia National Insurance Company
PENNSYLVANIA

SYMBOL OF SECURITY SINCE 1811

IT'S GOOD FOR YOU WHEN THE PROSPECT



... and a practically foolproof way of getting him past the automatic—"no state is with a concise, thought-provoking survey.

An intelligent study of his property can't help but make a prospect start thinking about gaps in his coverage. This instantly elevates you to the status of a counselor, definitely takes you out of the peddler class.

But here many insurance men will add a word of caution... you take a chance on actually doing yourself harm when you offer a survey that is little more than a lot of five-dollar words in a fancy folder. It must have substance.

To put real "meat" in a survey sometimes requires unusually broad or specialized knowledge. And that is where we can be of great assistance to Agents and Brokers.

Fire Association Group field men can contribute much to a survey from their wide experience in analyzing problems. Also, they have some good ideas about survey forms to offer. (These field men are always ready at your call to aid you in making surveys.) Fire Association Group, 401 Walnut Street, Philadelphia 6, Pa. Branches in Atlanta, Chicago, Dallas, New York, San Francisco, Toronto.

Must Share Wis. Loss

MILWAUKEE—In a suit tried in federal court here involving the degree of liability of two insurers on the Bergstrom Paper Co. plant at Neenah, Wis., a verdict was rendered in favor of Bergstrom to collect \$104,555 damages as the result of an explosion Nov. 24, 1945. Bergstrom sought \$18,915 from Hartford Steam Boiler and \$85,640 from Continental.

The loss resulted from an explosion of a pre-heater on the second floor of the plant, killing one man, injuring another and doing extensive damage. Continental sought to establish that Hartford Steam Boiler also had insured the section of the plant covered by Continental and should pay half of the damages charged to Continental. The jury decided the blast started in the pipes and fittings leading to the feed water heater, and not in the heater itself, as contended by Hartford Steam Boiler, which did not cover the heater.

Under the decision Hartford Steam Boiler and Continental are to share equally the \$80,000 damage to the boiler house and boiler plant. Hartford must also pay the \$25,000 U. & O. loss, and for damages to adjoining property that will be determined by a referee.

Head Teachers Body



J. A. Fitzgerald



E. A. Gaumnitz

Dr. J. A. Fitzgerald, dean of University of Texas school of business administration, who is the new president of American Assn. of University Teachers of Insurance, and Dr. E. A. Gaumnitz, professor of commerce at University of Wisconsin, the new vice-president of the teachers association.

FOR YOUR OWN ADS...
you can lift ideas from this Insurance Calendar ad.

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AMERICAN INTERNATIONAL UNDERWRITERS CORPORATION

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NEWS OF FIELD MEN

Millers Changes in Wis., Ia. as Mrs. Chapman Retires

Millers National announces the retirement of Mrs. Helen D. Chapman, Wisconsin state agent. Mrs. Chapman has carried on faithfully and successfully for more than 10 years following the death of her husband, Cyrus R. Chapman, who had represented the company for more than 25 years.

Howard Marshall, previously Iowa state agent, is being transferred to Wisconsin to succeed Mrs. Chapman and his office is at 115½ East College avenue, Appleton.

Robert R. Hufstader will succeed Mr. Marshall as Iowa state agent. He previously was state agent in Iowa prior

to his army service and his headquarters are in the Securities building, Des Moines.

St. Paul F. & M. Makes Numerous Field Changes

St. Paul F. & M. has made the following field appointments:

Robert Earley goes into the southern Nebraska field as special agent. Jack H. Littlejohn becomes special agent for northern Nebraska. Both are from the home office.

Gordon Fransen becomes special agent in Oklahoma. J. D. Holland is now special agent in Mississippi. Mr. Holland has been with Mississippi Inspection bureau. Kermit Kammer is being assigned

to Aberdeen, S. D., to aid in underwriting.

W. Andrew Sale is now special agent in Virginia where he has traveled for other companies. M. T. Johnson is now special agent at Aberdeen, S. D.

A. F. LaRue Ind. State Agent of Louisville F. & M.

Arthur F. LaRue, for 15 years state agent in Indiana for General of Seattle, has resigned to become state agent in Indiana for Louisville F. & M., with headquarters at Indianapolis. Prior to his connection with General he was for some time in the local agency business at Indianapolis and before that was with National Union's loss department in Indiana.

American Names Two in Ga.

American has assigned Special Agent Joseph C. Mangan to the central Georgia field. Mr. Mangan has traveled Georgia for American for the past 18 months under the supervision of State Agent Eugene H. Brooks. His new headquarters will be in the Trust Company of Georgia building, Atlanta.

Zach H. Clark has been appointed special agent in southern Georgia. Mr. Clark has been for several years with the Southeastern Hail Conference. His headquarters will be Moultrie.

Utah-Idaho Pond Initiates

The Utah-Idaho Blue Goose held its annual stag party and initiation at Salt Lake City with about 50 in attendance. Five candidates were initiated.

Cliff Lundquist, Royal-Liverpool, who is leaving the field to join the Ensign-Walker agency at Boise, Ida., was presented a gold key chain by F. C. Bromley, most loyal gander. He will continue his membership.

Ohio Farmers Names Clay

L. C. Clay, who has been in the home office underwriting department of Ohio Farmers, has been appointed special agent in northeastern Ohio. He will assist State Agent W. V. Hines from the Akron office and will represent the fire and casualty companies.

Minn. Pond Meetings Set

Three meetings are booked by the Minnesota Blue Goose for the next few weeks. On Jan. 17 there will be a dinner dance at Minneapolis Athletic Club. On Jan. 21 there will be a joint meeting with the Duluth puddle at Duluth, and on Feb. 16 the annual meeting will be held at Minneapolis.

Ohio F.U.A. Meetings

Ohio Fire Underwriters Assn. will meet Feb. 3 at Columbus and March 9 at Cleveland.

United Benefit Mich. Plan

John E. Brink, son of Earl B. Brink, Michigan general agent of Mutual Benefit H. & A. and United Benefit Life, has been appointed to head the new United Benefit Fire in Michigan.

Southern California Fire Underwriters Assn. is reviving its speakers club, which was discontinued during the war.

Michigan Blue Goose will hold its mid-winter meeting Jan. 15 at the Leland hotel, Detroit.

The Christmas party of Oklahoma Blue Goose Dec. 31 brought out an attendance of 69 members and their ladies. Noble C. Birmingham headed the committee in charge.

Iowa Fire Prevention Assn. will inspect West Liberty, Ia., the last week in January. A definite date will be announced later.

Robert C. Odle, since 1940 with Mill Mutuals at Port Huron, Mich., has been named director of sales and special services for the Moore & Wright Co. agency there.

Adjuster Answers Criticism of Work in Miami Area

John D. C. Roane of John Roane, Inc., independent adjusting firm that operates in Maryland, West Virginia and Delaware, writes as follows:

I have read with interest the article in the Dec. 11 issue of THE NATIONAL UNDERWRITER under the caption, "Florida Highly Pleased at Miami Beach Meeting." I was particularly interested but not enthused, about the reference to independent adjusters who handled hurricane losses in Miami, which reads as follows: "Independent adjusters were on the scene pronto, but they were over-ambitious and bit off more than they could chew, and while they started a lot of adjustments, they are slow in putting through the final papers."

I do not think that is factual reporting nor does it represent the whole truth of the situation and I certainly am not of the opinion that it applies to our organization.

At National Board Request

1. We were not on the scene "pronto," as you suggest, since we arrived in Miami on the evening of Oct. 27, and we went there at the special request of the National Board.

2. We were not overly ambitious and didn't bite off more than we could chew. Our assignments were received from the General Adjustment Bureau, who, with ourselves, were operating under the catastrophe plan of the National Board and we were limited to a number which we felt that we could handle in the limited time of our stay in Miami.

3. We did not start any more adjustments than we could handle, since when the situation reached a point where we had so few claims left that it was economically impractical to retain our representative in Miami, it was necessary for us to refer back only two losses which were not finished.

4. We were not slow in putting through final papers, since, as stated above, within a period of seven weeks we had settled all of our losses but two.

It seems to me that whoever is responsible for the inclusion of this paragraph in your article should have made himself more clearly acquainted with the situation of the independent adjusters in the hurricane area and it is quite obvious that this bit of reporting is nothing more than the expression of a personal opinion, probably third or fourth hand, from sources which might be considered uninformed or prejudicial.

Texas Region 2 Meets

G. C. Hodge, Bonham, was selected chairman of Region 2, Texas Assn. of Insurance Agents, at a regional meeting at Bonham, with about 50 agents from north Texas in attendance.

CASUALTY UNDERWRITER

A well established mid-west casualty company has need of a top notch casualty underwriter. Exceptional opportunities for a qualified man with executive possibilities.

FERGASON PERSONNEL

Insurance Personnel Exclusively
330 S. Wells Street Chicago, Illinois

Air Cargo Insurance



BOEING STRATOFREIGHTER

WHEN air cargo moves at three miles a minute—and every minute means money—then air cargo insurance service must move at the speed of flight, too.

But, as in aviation itself,—speed and precision in insurance service require years and years of practical experience and a world of knowledge. And a mind open to change!

That is why our policies, which protect shipments everywhere, are not only firmly based on sound insurance principles;—but are kept in step with rapidly changing air transportation developments at all times.

Let us aid you in maintaining proper air cargo coverage under all circumstances—through your agent or broker.

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CHICAGO LOS ANGELES MIAMI BALTIMORE TORONTO SAN FRANCISCO
DALLAS—Gilbert Easley, Correspondent

COMPANIES

Cone, Harper Retire from Phoenix, Conn.

Assistant Secretary Frank E. Cone and Frank E. Harper, agency superintendent, have retired from Phoenix of Hartford.

Mr. Cone joined Phoenix in 1900 and Mr. Harper started with Connecticut Fire's western department in Chicago in 1901. The two men thus have a combined service of 93 years.

In 1906 Mr. Cone was made home office examiner supervising underwriting in Mississippi, Louisiana and later Florida. In 1922 he was given charge of the Pennsylvania department. In 1939 he was made agency supervisor for New York, Pennsylvania, Maryland, Delaware and District of Columbia. He became assistant secretary in 1945.

Mr. Harper was transferred in 1914 from the western department to Hartford as an examiner. In 1941 he was made agency superintendent.

Freeze Louisville F. & M. Operation for 10 Years

LOUISVILLE — Charles G. Tachau, Inc., a managing company composed of Charles G. Tachau, E. S. Tachau and Lewis Tachau, Louisville, has made a 10-year contract to manage Louisville Fire & Marine under a voting trust covering a like period in which more than 50% of the voting stock has been deposited by its owners with Liberty National Bank & Trust Co. of Louisville.

The Tachau interests for more than a year have been handling underwriting operations of Louisville F. & M., now completely divorced from the Rhode Island group, which formerly controlled it.

The voting trustees will be Joseph Crosby of Greater New York Industries, who controls Louisville F. & M., and Charles G. Tachau. The company's offices were moved back to Louisville about a year ago, and according to Mr. Tachau premiums for 1947, all agency business, were around \$1½ million.

O. R. Carlson and G. H. Riggs to Higher American Posts

O. Roy Carlson has been appointed assistant secretary of Bankers Indemnity. He holds the identical title with American and he will supervise the combined automobile underwriting activities of the group.

George H. Riggs has been appointed assistant secretary of American and Columbia Fire. He will continue to manage the underwriting department, classification division, and impairment and registration division.

Mr. Carlson has been with the American group since 1926 in the head office and field. His previous experience was with Home.

Mr. Riggs attended Muhlenberg College and joined American in 1925. Since he has been manager of the underwriting department.

NEW YORK

NEW COURSE STARTS FEB. 6

A practical training school for men and women on the fundamentals of real estate and insurance business will be started Feb. 6 by the school of business and civic administration of the College of the City of New York under direction of Dr. Robert A. Love. The evening and extension division is sponsoring the course, which in addition to real estate subjects will take up the principles and practice of insurance and marine insurance. The course is designed to meet educational qualifications for the state insurance department examinations.

Classes will be held from 6:30 to 8:30 p. m., Feb. 6, 9, 10, 11, and 13, in the college auditorium.

BUYERS TO HEAR A. M. BEST

Risk Research Institute at its Jan. 22 meeting will be addressed by Alfred M. Best, trade paper publisher, on "Loss Trends and Their Effect on Today's Insurance Costs." The meeting will be at the George Washington hotel at New York.

Risk Research met with buyers' groups from a number of cities during the November meeting of American Management Assn. in Chicago to discuss a merger. The New York buyers' group is the largest in size and scope but would like to have all buyers in one nationally active organization.

TYPERMASS IS SLATED

At its evening meeting Jan. 13 at Central Y. M. C. A. Brooklyn Insurance Brokers Assn. will hear Carl Typermass, deputy insurance superintendent of New York, discuss "Commingleing and Its Practical Application to the Insurance Broker."

NEW OFFICERS INSTALLED

With Assemblyman Max M. Turshen officiating, Leo Feldman was installed

as president of Independent Brokers Assn. of Brooklyn. First vice-president is Hyman Gaster; secretary, Morris Weinberg; treasurer, Abraham Greenberg, and chairman, Abraham Bockstein.

Pacific C.P.C.U. chapter held a holiday party at the home of President Rees E. Roston, Los Angeles, with Mrs. Roston and Mrs. Parker Lowe, wife of the chapter vice-president, as hostesses.

W. Dudley Gale of the Gale, Smith & Co. agency, has been elected president of the Nashville Chamber of Commerce.

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BUCKEYE CLUB PLANS

Buckeye Club of Chicago, which consists of insurance men of that city, who at one time or another have worked in Ohio, will hold its annual get-together

at Chicago Yacht Club, foot of Monroe street, the evening of Jan. 27. There will be a cocktail hour starting at 6 p.m., followed by dinner. This organization was formed a year ago and those with Ohio ties rallied around enthusiastically.

H. A. Grider, western manager of Factory Association, is president; V. L. Montgomery, manager of North Amer-

ica, first vice-president; Homer Burlingame, Western Adjustment, second vice-president; Phil Beebe, Hartford Fire, third vice-president, and Virgil Souders, marine manager of Fire Association, secretary.

In addition to the 32 original members who qualified themselves properly at the dinner a year ago, there are 20 others who claim an Ohio past and will be required to prove their eligibility at the Jan. 27 gathering.

W. A. ALEXANDER CHANGES

A number of changes have been made in the executive ranks of W. A. Alexander & Co., Chicago, that result in placing increased responsibilities on younger men while at the same time keeping available the older generation officials for counsel.

Fred J. Bristle and Joseph P. Murphy, vice-presidents who have both been with the agency approximately 45 years after starting as office boys, are each elevated to the new positions of senior vice-president, with chiefly advisory duties.

Henceforth the organization will function through two major divisions.



W. M. Sheldon

apparatus had to be thoroughly scrubbed to remove all traces of contact with this operation, and a movement was started at least to throw the firemen away.

BALFANZ AGENCY CONTROLLER

Charles Balfanz has joined the firm of Moore, Case, Lyman & Hubbard, metropolitan supervising agency of Chicago, and has been elected controller. He has been actively engaged in the fields of accounting and business management since graduation from University of Chicago in 1931.

Mr. Balfanz was a lieutenant colonel of infantry in the army during the war, being in the service for three years. He is treasurer of the Aircraft Owners & Pilots Assn. of Chicago and is a private pilot who in the past has owned his own plane. He is active in affairs of the First Presbyterian church of Evanston, where he lives.

PIGGOTT TO M. & M.

Audrey D. Piggott has joined Marshall & McLennan at Chicago to conduct account work. For a number of years he had been engaged in similar activity with Rollins, Burdick, Hunter Co. of Chicago.

Sued by Life Company

LOUISVILLE—Occidental Life of California has sued in federal court to recover \$10,000 it paid under a life insurance policy to the estate of Adolph Reutlinger, who was president of Liberty Insurance Co. of Louisville and later of Liberty Insurance Agency. Occidental alleges that Reutlinger, a vice-president of Fourth Avenue Amusement Co., was not eligible for such coverage under the salary stabilization plan written by Occidental because of a physical impairment and because, though listed as receiving \$11,000 a year from the amusement company he actually never received more than \$120.

This was not a group case but individual policies written under the wartime rule that an employer could put the equivalent of 5% of an employee's pay into life insurance without its being considered a wage increase. Bernard Meidinger, insurance broker, was also made a defendant on the ground that he knew Reutlinger's connection with the amusement company and also his physical condition.

Tederman in Field

George W. Tederman has been appointed marine special agent for the Boston metropolitan department of Boston and Old Colony. He started with the organization in 1940, then was in military service three years.

Furniture Dealers Mutual Fire of Milwaukee has changed its name to Furniture Mutual.

Highlights in Insurance History

BEGINNING OF SPECIALIST UNDERWRITERS

In the mid-1700's the Underwriter of today's type first began to be known. As the variety of risks increased a real need for specialized knowledge developed. No longer could a busy merchant toss off a bit of insurance writing on the side, it was becoming too complicated. A new type of broker arose, "Not an Office Keeper, but one who acted as a broker for discounting Notes and did sometimes make Policies." Ordinary marine risks had settled into five classes: Ships (S), Goods (G), Money (Mo), Bottomry Bonds (B) and Respondentia Bonds (Ra). Some brokers were beginning to be known for one special kind of insurance. These brokers began a closer association with each other because of mutual interests and problems, and worked out certain insurance rules of procedure among themselves.

The National Union and Birmingham Fire Insurance Companies have witnessed the evolution of many services now taken for granted in the insurance field.

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JOHN H. SHERMAN

John H. Sherman, formerly vice-president in charge of the life department, is now executive vice-president in charge of the standard risk division, which will deal with the large numbers of individual personal and small business accounts.

Walter M. Sheldon, who has been vice-president in charge of the fire and property insurance departments, is made executive vice-president in charge of the special risk division, which will handle all matters pertaining to the large corporate and multiple location risks.

Three younger men are brought into the officer ranks for the first time. A. A. Korte, former bond manager, is made vice-president in charge of the bonding department. Frank D. Hurt, office manager, is made assistant vice-president, with supervision over all office administrative matters, and Carl J. Reutter, chief engineer, is made assistant vice-president in charge of sales engineering.

Other officers reelected are Vice-presidents J. P. Bowes, Jr., Harve G. Badgerow, J. A. O. Preus, Franklin B. Burns, John Stoffel, and W. W. Rice, each of whom handles certain special accounts, and C. A. Blanc, comptroller.

BIG ARMOUR LOSS

Loss is estimated at at least \$500,000 in the destruction by fire Jan. 2 of the ammonia, chemical, curled hair, glue, sandpaper and soap plant of Armour & Co., at 1335 West 31st, Chicago. The insurance is in Factory Insurance Assn. It is believed unlikely that Armour & Co. will rebuild the plant at the same location. Due to the smells originating there, the plant has not been regarded as the best type of neighbor. The fire

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Va. Agents Hit Abrupt End to NCI Procedure

Ask Postponement of Effective Date of Burying Competitive Instrument

RICHMOND—A resolution calling on Allied Lines Assn. and Southeastern Underwriters Assn. at least to postpone the effective date of the withdrawal of the procedures that had been available for meeting non-stock competition has been adopted by a special committee of Virginia Assn. of Insurance Agents headed by William R. Walker of Davenport Insurance Corp. here.

These withdrawals became effective Jan. 1, Allied Lines rescinding use of extended coverage endorsement No. 3, endorsements A and B thereto, and all outstanding rate cards in connection therewith, and S.E.U.A. withdrawing use of E.C. endorsements Nos. 3 and No. 105-W and all pertinent rate authorizations.

Causes Confusion

The resolution states that withdrawal of these procedures is causing confusion in the handling of expirations since no satisfactory substitute has been provided. The memorial goes on to say that it is inconceivable that the stock companies desire to impede their established agencies "in the constant battle to retain such preferred risks." The resolution protests the "precipitous method used in this rescission whereby local agents were deprived of adequate machinery for the handling of such preferred risks." Request is made for postponement of the effective date insofar as renewal policies in Virginia are concerned until such time as a method has been provided for the continued handling of such preferred business by stock companies.

See Discrimination Feature

While neither Allied Lines Assn. nor S.E.U.A. made any explanation of the reasons for the withdrawal, most observers believe that this was done on the theory that this method of handling preferred business could not be effectively defended against charges of discrimination under the new era of rate regulation.

About 12 years ago, the procedure which has now been withdrawn in the east and southeast was discontinued in the middlewest. In that territory, in place of the system of getting a "no common interest" or NCI clearance on risks subject to non-stock competition and making broad cover and low rates available to such risks, the program was adopted of providing that risks that qualified up to a standard, regardless of the element of competition, be entitled to special consideration in respect of coverage and rates and that such business could only be written through Factory Association and, in Chicago only, under superior treatment. The qualification formula was filed and approved where necessary. Usually a risk that qualified in respect of construction, occupancy, watch service and sprinkler equipment, got a rate of not exceeding one mill for sprinkler coverage, one mill for wind and two cents for the residual riot and vandalism coverage.

E.C. No. 3 in the east and south was attached to the fire policy at a nominal premium and this covered sprinkler leakage as well as the usual E.C. perils. To get the same protection a risk now must take E.C. No. 4 and purchase sprinkler leakage separately.

Wilson May Hold on as Ky. Director for Few Months

LOUISVILLE — Much speculation is being indulged in as to who will be named insurance director of Kentucky. Judge Harry B. Wilson, a local agent of Irvine, Ky., and a Republican, is now insurance director, under appointment made by Gov. Willis, Republican. Willis has now been succeeded by Earle C. Clements, Democrat.

Mr. Wilson has been in office about 2½ years.

Several Democratic names have been heard in connection with possible ap-

pointment, including the former director, Sherman Goodpaster; also that of McKay Reed, general agent at Louisville for John Hancock Mutual Life, who was insurance commissioner some years ago for a short period; and then the name of Dan Talbott of Bardstown is popping up, even on the radio. Talbott was formerly state auditor, and in those days the auditor had complete control over the insurance department. However, a younger man, and one who has not been even considered publicly, may have the inside track. Indications are that Mr. Wilson will remain in charge for a few months, or at least until the legislative session is over.

Hutch to Higher Norwich Union Post

NEW YORK—J. M. Hutch has been appointed an assistant U. S. manager of Norwich Union. He has been with the company since 1928, starting out as an assistant examiner and then becoming an examiner.

After thorough grounding in the underwriting department he went into the field in 1941 in Wisconsin. In 1945 he returned to the head office as underwriting supervisor which is the post he has held until his recent promotion.

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in 1867 — eighty-one years ago — the company entered the field of marine insurance.

in 1872 — seventy-six years ago — its Western Department was launched in Chicago.

in 1885 — sixty-three years ago — its Eastern Department was organized in Boston.

in 1895 — fifty-three years ago — its Southern Department was established in Atlanta. In the same year its Atlantic Marine Department began operations in New York.

in 1906 — forty-two years ago — Fireman's Fund wrote its first automobile insurance policy. It was the first to write this line on a nationwide scale.

in 1930 — eighteen years ago — the launching of Fireman's Fund Indemnity Company completed a group of five companies having a reputation for strength, permanence and stability.

today, Fireman's Fund Group — with a long record of successful operations — offers producers multiple-line facilities plus the services of experienced insurance men whose knowledge of local conditions can be of cash register value to agent and broker. The companies of Fireman's Fund Group maintains service offices in sixty-nine cities throughout the United States and Canada.

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Would Try to Find Out Why Field Men Are Restless

From a former field man, now in local agency ranks:

I was very much interested by your article captioned "Restless Fieldmen Concern Executives" in your Dec. 18 issue. It deals with effect only and not with cause and I believe you will find that many of those companies whose executives may be complaining have not actually provided a comprehensive training program for their field representa-

tives. Frequently they rate their men consciously or unconsciously in the same manner that baseball treats with fielding averages. So often you find your "Zeke Bonuras" leading the league in fielding their position simply because they do not cover the ground as do some of the others and likewise you will find a nonaggressive field man advanced simply because by not presenting new problems vigorously he didn't get in the hair of some departmental head.

The whole problem is one that can only be adequately covered by having

both viewpoints express themselves across the table. Certainly if enough men are restless to create interest enough for an article then the reason should be thoroughly examined and what I have said is just a finger pointing in that direction. I do know from my conversations with field men and from the one address that I made before Illinois Fire Underwriters Assn., that the young field man is genuinely interested in a real training program.

"Job Jumping" Field Man Bares His Budget

John G. Parsons of the Frame Insurance Agency, Waukesha, Wis., writes:

The article in your Dec. 18 issue on "Restless Field Men Concern Executives," was of considerable interest to myself personally as it refers to my own particular experience.

After my discharge to inactive duty from the Navy I had the good fortune to be selected as state agent here in Wisconsin for one of the larger fire insurance groups, the salary \$3,900. This amount according to pre war standards and which I went by, having been out of circulation the better part of three years, was considered by myself as excellent and with my expense account (which was liberal) to pay my way on the road I set up a family budget as follows:

Rent 25%, savings 10%, food 25, clothing 10, insurance 10, household 10, automobile 5, entertainment 5.

That Item of Tax

But to start out my salary isn't \$325 a month it's \$289.14 as I have to immediately deduct my withholding tax and old age retirement fund. Now let's break this monthly figure down to every day dollars and cents and see how my percentage figures above work out at today's cost of living.

Payments on house, \$75; interest on loan, \$17; insurance (all kinds) \$50; food and clothing (two children) \$85; heat, \$15; light, \$5; telephone, \$5; automobile general upkeep, \$25; entertainment (balance, \$12.14.

As can be seen by comparison of the original budget and the final expenditures I've had to omit savings and hope that they show up (if I live) in my insurance program. My rent with the interest isn't too bad as I was lucky enough to buy a home before they went up too much in value (I only paid about 25% more than it was worth). Clothing I had to throw in with the food budget and hope that my wife would save a little by serving the fish and wild game I brought home now and then and then too I might be able to save enough from my expense account to buy myself a pair of shoes and hat once a year. Insurance, well I've got to think of the children, a boy and a girl, and their education so its a little above the budget. Household, well its pretty good I'm a little ahead here. Automobile, I'm on the road and my wife has to get around somehow so we have a 1937 to get around in and too I can't expect the company to foot the bills for my own weekend excursions. Entertainment, 5% isn't enough but its all that's left and if I don't take the wife and family out

once a week after being gone at least four days there will be more than financial troubles at home.

Here and now I should make it understood that I'm not complaining as I am well aware that elsewhere people are in lots tougher shape than I am. This letter is merely in answer to the executives concerned as mentioned in your letter. In the business field where a man is in charge of production, insurance or otherwise, he should be paid commensurate with his volume, a sales representative in a business other than insurance who produces upwards of half a million in volume annually would be paid more than \$3,900 a year.

War Savings Dwindled

I continued on for the better part of two years as state agent and gradually saw my war savings dwindle so now I'm going to be a "Job Jumper," a chance to take over a local agency and "Enjoy that temporary prosperity," but if I can prosper as a producer or even get that budget to balance I've got to make that move so what alternative did I honestly have? I'll admit that I'm not as happy here as I was while on the road but, what I produce at least goes in my own pocket and my efforts are rewarded accordingly for if I now produce but only 10% of the amount that I formerly did for the company, figuring on the basis of upwards of half a million, I can net at the beginning \$6,000 a year. Undoubtedly from the executives point of view I'm not worth that much now but still I can make it and by making it get that budget to balance.

Of how much interest to you this letter will be is unknown, however, I have had the basis of this letter ready for a long time and your article gave me this opportunity to get it off my chest. Perhaps my former boss, one of the finest men I know today and one who made my work a pleasure, might be interested in this letter so I am forwarding a copy to him and I still think and at this time represent them in the agency that they are one of the finest organizations in the insurance business.

If you wish, my viewpoint and any information contained herein can be kicked around as you please. Comments would be welcomed.

C. H. Watkins Retiring

Charles Hadley Watkins of Boston has announced his intention to retire as chairman and director of Excelsior of Syracuse the time of the annual meeting Feb. 9. Mr. Watkins suffered a slight heart attack several months ago, and he is discontinuing a number of activities.

Mr. Watkins has been a director of Excelsior since 1928 and is the oldest agent-director of that company in point of service. He served as vice-president of the company from 1935 to 1940 and has been chairman since 1945.

Mr. Watkins is president of Harvard Club of Boston.

Open Office at Paducah

Duncan & Swain, independent adjusters at Evansville, Ind., have opened a branch office at Paducah, Ky. The new office will service northwestern Tennessee and southeastern Missouri. From the Evansville office, the firm covers southern Indiana, southern Illinois and western Kentucky.

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Well established and highly reputable old line Fire Insurance Company (executive offices New York) is looking for a good fieldman to supervise Kansas and Missouri. Headquarters in Kansas City, Mo.

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All replies will be held strictly confidential. Present incumbent knows of this ad.

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1948

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Show Range of Insurance Stocks in 1947

Prepared by Howard W. Cornelius of Bacon, Whipple & Co., 135 S. LaSalle St., Chicago. Quotations are approximate as of the last business day of each month.

	January		February		March		April		May		June		July		August		September		October		November		December	
	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked	Bid	Asked
Aetna Cas.	83	86	82½	85½	80½	83½	79½	82½	82	85	82½	85	81½	84½	78	81	74½	77½	77	80	79	82	81	83
*Aetna Fire	51½	53½	52	54	54½	56½	48	51	47½	50½	45½	48	44½	46½	44½	46½	43½	45½	45	47	48½	42	48½	49½
Aetna Life	44	46	44½	46½	43	45	40	42	39½	41½	43	45	42½	44½	41	43	40	41½	40	42	41	43	44½	46
*American	19	20½	19½	20½	19½	20½	19½	20½	18½	20½	17½	19½	18½	20½	18½	19½	17	18½	16½	17½	15½	16	15½	16
Boston	63	66	63	66	63½	66½	64½	67½	57	60	56	60	60	63	59	62	58	61	63	66	64	67	64½	66
Continental Assur.	66	68	70	70	71	69	71	67	69	68½	70	68	70	67½	69½	65½	67½	65	67	65	67	65	67
Continental Cas.	50½	51½	52½	53½	52½	53	52	53	51½	53½	51	52	47½	48½	50	51	46½	46½	48½	49½	48½	49	50	51
Continental Ins.	52½	53	52	53	51	51½	46½	47½	45½	46½	51	51½	48	49	46	46½	49½	49½	49	50	53½	54½	55	55½
Fidelity-Phenix	56½	58	58½	59	58½	54½	50½	52	48½	48½	55½	56	53	54	50½	52½	52	52½	54	54½	57	58	56½	57½
Firemen's	14	15	14	15	13½	14½	12½	13½	12½	13½	13½	14	12½	13½	12½	13½	12	13	11½	12½	11½	12½	12½	13
Franklin Fire	22½	23½	21½	22½	20½	21½	20	21	19½	21	20½	21½	19½	19½	19½	20½	19½	20½	19	20	18½	19½	17½	18
*Glens Falls	51½	53½	47½	50½	46	49	44	47	45	47½	46	48½	43½	46	43½	46	41	43½	40	42	38½	40½	42½	43
Great American	30½	31½	28½	29	28	28½	28½	29	26½	28½	28½	29½	27½	28	27½	27½	28	28½	29	27½	28	26½	27	27
Hanover Fire	25½	26½	25½	27	25½	27½	25	26½	23½	25½	24½	26½	26	27½	24½	26½	24½	25½	24½	26½	24½	26½	24½	25½
Hartford Fire	108	111	107½	110½	100	104	101	102½	94½	98½	104½	108½	105	108½	100	103½	96½	100½	103½	107	106½	110½	106	108
Home	25½	27	26½	28	26½	27½	25½	27	24	25½	25½	26½	25	26½	25½	26½	24½	24½	23½	25½	23	24½	22½	24½
*North America	94½	95½	96	98	95	96	89½	90½	89	90	94½	95	93½	94	89½	89½	89½	90	90½	91½	92	94	96½	97½
National Cas.	26	28	28	30½	28½	30½	28	30½	27	29	27½	29½	27½	29½	27	29	26½	28½	26½	28½	26	28	25	26
National Fire	50½	55	51	53½	50	52½	48	50½	44	47	46	48½	45½	48	46½	48½	45	47½	45	48	43	46½	43	44
North River	22½	23½	23½	25	23	24½	21½	23½	21	22½	22½	24½	22½	24	23	24½	23	24½	24½	25½	23	24	22½	23½
Phoenix, Conn.	89	92	92	95	90	93	81	84	73½	76½	78½	81½	77½	80½	78	81	75	78	78½	81½	81	84	79	81
*Providence Wash.	35½	37½	35½	37½	34½	36½	34½	36½	34	36	35	37	33	35	33	35	31½	33½	31½	32½	31½	32	32	33
St. Paul F. & M.	72	75	72	75	71	73	69	72	65	67	65½	67½	69	71	69½	71	67	69	71½	73½	68	70	68	70
Security	32	34	30½	32½	29½	31½	27	29	27½	29½	26½	28½	25½	27½	25½	27½	24½	26½	25	27	23½	25½	23½	24½
**Springfield F. & M.	113	118	110	115	111	116	110	115	107	112	108	112	109	113	110	114	104½	106½	44	46	38	39½	42½	43½
Travelers	595	605	605	615	582	592	562	572	560	570	580	590	572	582	570	580	562	572	565	575	528	538	508	518

*Increased capital during 1947.

**Changed par value to \$10, split stock 2½ shares for one.

Illingworth, Andrews to Take Over Ferguson's Duties for Aetna Fire

S. B. Illingworth, state agent at Wilkes Barre, Pa., for Aetna Fire, has been appointed agency supervisor for Pennsylvania at the home office. A. K. Andrews, who has been agency supervisor for New York state, will take over Maryland, Delaware and District of Columbia. Messrs. Illingworth and Andrews take over the territory which has been under supervision of Andrew Ferguson, who will retire Feb. 9 on his 45th anniversary with the company.

Mr. Ferguson started as a stenographer and advanced through positions in the underwriting department.

Mr. Illingworth started with Aetna in the home office in 1916 as a clerk, and in 1925 was named special agent in central Pennsylvania. He has been state agent since 1934.

Mr. Andrews started with Aetna Fire at the home office in 1921, later becoming examiner, and subsequently special agent in New Jersey. Later he was named state agent in central New York and in 1946 was named state agency supervisor.

John K. Olson has been appointed state agent at Wilkes Barre to succeed Mr. Illingworth. Mr. Olson has been in the business since 1938 after graduation from University of Buffalo. He joined Aetna Fire after completing service in the navy.

James B. Cortright has been transferred from Wilkes Barre to Harrisburg to succeed Mr. Olson.

Olmsted Buys Building

DES MOINES—The real estate holding company owned by George Olmsted has purchased a quarter-block two-story building for use by the insurance companies he heads. Hawkeye Casualty, Security Fire, Industrial and Hamilton Fire.

The companies are now located in the original headquarters of Hawkeye Casualty. Since the headquarters of Security Fire was moved from Davenport to Des Moines, the group has greatly needed additional office space. The new building is directly across the alley from the Hawkeye office and plans call for connecting the two structures by bridging the alley.

After 30 years of operation, the W. L. Heindel agency, South Wayne, Wis., has been sold by W. L. Heindel to Herbert Ainsworth, who operates an agency at Monroe, Wis. Mrs. J. Louis Smith will remain in charge of the South Wayne agency.



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Grain Assn. Records Fine Year in 1947

Grain Association recorded one of the finest years in history in 1947 with a premium increase of almost 100% and a loss ratio of only about 3%.

Premiums amounted to approximately \$1,662,000. There were no sizable losses, and the association has its participation lined up and will continue to operate in 1948. C. E. Harbin is manager.

At the annual meeting all officers were reelected, they being: President, C. W. Ohlsen, western manager of Sun; vice-presidents, M. E. Peterson, Springfield F. & M., H. A. Clark, Loyalty group. R. C. Steinbeck, Grain Association, is secretary-treasurer.

E. D. Lawson, Fireman's Fund, and

V. L. Montgomery, North America, were named to the executive committee. Other members are P. S. Beebe, Hartford Fire; L. J. Fischer, Home, and E. A. Henne, America Fore. The executive group will meet Friday to arrange operating details for 1948.

License Rating Units in Cal.

SAN FRANCISCO—Two rating organizations have been licensed in California under the new insurance regulatory act, and applications of several others are pending.

The bureaus which have received their licenses are National Bureau of Casualty Underwriters and Inland Marine Insurance Bureau. Applications for licenses are in from Pacific Fire Rating Bureau, Mill & Elevator Rating Bureau, Chicago; Surety Assn. of America; Factory Mutual Rating Bureau; Transportation Insurance Rating Bureau, Chicago.

Groups registering as advisory organizations are: Board of Fire Underwriters of the Pacific, Interstate Underwriters Board, Standard Forms Bureau, Allied Lines Assn., General Traction & Lighting Bureau, and National Board. Advisory organizations do not need a license but must register and are subject to examination in the same manner as rating bureaus.

Tells How to Ward Off Gas Blasts

MEMPHIS—To prevent loss of life and property from gas explosion, John J. Ahern, director of the fire protection and safety engineering department at Illinois Institute of Technology, outlined a program for city departments of fire, safety, building, in addressing the annual fire department instructors conference here.

He urged cities to: make more rigid and frequent inspections of underground gasoline storage tanks, require perforated rather than solid manhole covers and insist upon proper catch basins and sewer traps in industrial buildings and dwellings.

"Unless extreme care is given to our sewer connections, we invite not only disease but disastrous explosions," he warned.

He estimated that 10 million gallons of gasoline are normally stored beneath a city with a half million population. Leaks occur and inspection is difficult. Leaks may cause the flammable liquid to float on the surface of the sewage. If it is ignited, the results are disastrous.

Utility gas explosions in homes may be greatly lessened if uses of gas, particularly housewives, would observe two rules, he said.

1. Do not delay igniting a stove once the gas is turned on.
2. Be sure the gas flow is ignited when you think it is.

"Aunt Jenny gets ready to put her cake in the oven. She turns on the gas, and looks for a match. When she finally lights the stove, out comes a 'poof' and she's seriously burned.

"In the second type, she opens the oven door, lights the match, turns on the gas, makes a swift pass at the burner, but doesn't check to see if the gas really is ignited. She usually gets a worse explosion in this case."

He warned home owners to avoid delayed ignition and mistaken ignition.

State Can't Have Man Stationed in Rating Bureau

Attorney General Barnes of Massachusetts has handed down an opinion that Commissioner Harrington may not install an insurance department representative in the office of New England Fire Insurance Rating Assn. This idea was conceived by Mr. Harrington as a means of having the department handle questions from the public.

Mr. Harrington had also inquired whether the commissioner must take action on a rating plan immediately upon its being filed. The attorney general replies that the commissioner is not required to review every filing immediately upon its receipt, or to review upon his motion at any particular time or indeed to review it at all unless he has reason to believe it does not meet the statutory requirements or unless a complaint is made.

Markel Home's Cincinnati Manager; Rieg to New York

NEW YORK—Otto F. Rieg, manager of the Cincinnati service office of Home, has been transferred to the home office for assignment in the western department. Special Agent Eldon H. Markel of Columbus goes to Cincinnati as manager to succeed Mr. Rieg under supervision of Resident Secretary H. H. Chittenden of Columbus. John R. Small, who has been an adjuster in the

Columbus office, becomes special agent there under Mr. Chittenden.

A. I. U. Opens Chicago Unit

American International Underwriters Corp., specialists in all forms of insurance coverage in foreign countries, have opened new offices to service middle west agents and brokers, at 208 South La Salle street, Chicago, with William Niedecker as president. In Chicago, the office will be known as American International Underwriters Agency, Inc.

Mr. Niedecker started in the insurance business in San Francisco in 1933, with the brokerage house of George E. Billings & Co. He left in 1937 for Los Angeles, where he was associated with Newhouse & Sayre. In 1942 he was transferred to the Chicago office of this firm. He spent 30 months overseas in the European theater with the army and then returned to Chicago in July of 1946 as secretary of All Risk. He is a native of San Francisco and attended St. Mary's College in California.

Formal Opening Held Monday

The Chicago office is operated in conjunction with the branch of United States Life and the quarters are attractively decorated. At the formal opening Monday afternoon the offices were filled with friends in agency and company ranks. Mr. Niedecker was assisted in dispensing hospitality by A. E. Gilbert and Curtis B. P. Carvalho, vice-presidents of A.I.U.; Lawrence Troiano, manager of the fire department; Walter Brill, casualty manager, and Louis Pratt, casualty brokerage manager.

Gage McCotter of Grain Dealers National Retires

Gage McCotter, first vice-president and director of Grain Dealers National Mutual Fire, has retired after 32 years with that company.

He started with Prudential Casualty of Indianapolis, joining Grain Dealers Mutual in 1916 as manager of the automobile department. As general agent in 1921 he handled the flour mill and elevator business of the company, and later directed both the production and underwriting of general business classes. He was appointed secretary in 1935, vice-president and a director in 1942.

Mr. McCotter is a past president of Mutual Insurance Companies Union of Indiana, and has been treasurer of National Assn. of Mutual Insurance Companies since 1944. He is now chairman of the executive committee of Transportation Insurance Rating Bureau of Chicago, and a member of the governing committee of the northwestern department of Mill Mutuals, Minneapolis.

Holbrook to N. H. in Va.

James W. Holbrook has been appointed state agent of New Hampshire Fire for Virginia to succeed State Agent D. E. Witt of Lynchburg who has been state agent since 1909 and has been placed on the reserve list.

Mr. Holbrook attended Columbia University. He received his insurance training in the home office of Atlas and has been its special agent for Virginia and eastern North Carolina for the past several years. His headquarters will be at Richmond.

Powell L. Paxton, 47, of the W. T. Paxton & Co. agency, Buena Vista, Va., died there.

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Says Insurers Could Have Avoided Causing Friction

From a Michigan local agent:
I have read with interest the article appearing in the Jan. 1 issue on page 4 headed "Company Official Answers Charge of 'Selfishness.'"

I believe that had the companies as a group discussed the matter of changing the commission rates on extended coverage with representative committees of the National and state associations that it would have been possible to reach some definite conclusion without the adverse publicity which has resulted from the companies taking this arbitrary stand and ordering the reduction without consultation apparently with agents groups.

Not Courteous Action

They are doubtless within their rights in doing so legally but I do think that it was not a very courteous action on their part. Perhaps they are right in their argument for taking the action but I have difficulty to justify in my mind the arbitrary action with apparently no consultation with the agents. There are two parties to the agency contracts—the company and the agent. However, the companies have apparently placed themselves in the position of big brother who was told by his mother to give his little brother a choice. The big brother said to the little brother, "Take your choice, the little apple or none."

I am quite sure that had the matter been discussed with the conference committee of our state association that it would have been possible to have accomplished the same end without the resulting friction.

I respect the companies for their many recognitions of the agents associations in many fields but I do think they "slipped up" this time.

McCarran Goes to N. Y. to See Insurance Leaders

WASHINGTON — Senator McCarran went to New York Tuesday and there may talk with insurance executives, according to information from his office and that of the Senate judiciary committee. Reported subject of talk was expected to be the status of affairs under public law 15 and what should be done about it.

A judiciary committee spokesman said, however, such meeting and talks would be informal, nothing in the way of a formal conference, meeting or hearing being scheduled.

Pending determination of whether the anti-trust moratorium for insurance under public law 15 should be extended beyond June 30, 1948, McCarran, author of that law, wanted to confer with insurance industry executives as soon as practicable.

McCarran is apparently proceeding in connection with this matter independently of the Senate judiciary committee or its chairman, Senator Wiley, on the ground that McCarran has been following development of state regulatory legislation under PL 15, and sponsored study of that field conducted by his staff. That study is continuing and may be subject of a second report soon.

The judiciary committee was swamped with other legislation before the summer congressional recess and had little or no opportunity to consider the first report on the study, which was submitted last June. However, the moratorium was extended for six months.

Talk among political leaders now is that it perhaps should be extended until after the election next November.

A judiciary committee spokesman said it plans a complete study of the whole insurance situation with relation to the moratorium and state regulation, before legislative action. No moratorium extension bill has been introduced.

I. U. B. Now on Advisory Plan

NEW YORK — Interstate Underwriters Board has changed its constitution and by-laws definitely to set it up as an advisory rating organization and has filed as such in many of the states. Approval and tentative approval has been secured in several states.

E. B. Van Vorst to Western Department Royal Post

E. B. Van Vorst has been appointed executive regional manager for the western department of Royal-Liverpool with headquarters at New York. For the past three years he has been state agent with headquarters at Buffalo. Previously he was for seven years state agent in Ohio.

N. A. I. C. Dates June 6-10

The dates for the annual meeting of National Assn. of Insurance Commissioners have now been officially set as June 6-10 at the Bellevue-Stratford hotel, Philadelphia.

A.F.I.A. Opens Chicago Office, Officials Advance

American Foreign Insurance Assn. has opened an office in Chicago in A-1013 Insurance Exchange building, under the supervision of Allan L. Pither, special representative. The office will service fire, marine and casualty risks in foreign lands.

Mr. Pither has been with A.F.I.A. for the past year, principally in the brokerage department. Previously he was in the insurance department of American Home Products Co., New York City.

Joseph F. O'Brien, formerly chief accountant, has been advanced to controller at the head office in New York. He now is in Santiago, Chile, on an inspection trip.

George Morvanx becomes chief accountant. He has been with A.F.I.A. more than 25 years and has made trips to the Philippines, China and Japan.

Harold Rankin becomes fire underwriter at the head office. He has been with the organization 26 years, much of

that time in the fire underwriting department.

John Loughrey and H. A. Terhune, both of whom have been in the fire underwriting department, become assistant fire underwriters. Mr. Terhune has visited London and European branches of the association.

At the annual meeting of the association O. E. Lane, chairman of Fire Assn., was elected president; H. V. Smith, president of Home, first vice-president, and W. Ross McCain, president of Aetna Fire, second vice-president.

NEWS BRIEFS

Insurance Buyers of Pittsburgh held an open forum on buyers problems. Harry Brainard, chairman of Western Pennsylvania Safety Council, talked on "How to Be Happy Though an Automobile Driver."

S. C. Mauger, local agent at Pataskala, O., has taken his son, Theodore Y. Mauger, into partnership.

New officers of the Insurance Women of Birmingham are: President, Mrs. Grace White; vice-president, Mrs. Aileen Woodward; secretary, Miss Alice Merchant; treasurer, Mrs. Carolyn Fortenberry. Millard R. McGruder, manager Alabama Assn. of Insurance Agents, installed the new officers. Mrs. Josie Dean, retiring president, was presented a gift by the members.



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EDITORIAL COMMENT

Unfortunate Breach

An unfortunate by-product of the commission reduction issue is the breach that it has brought in the normally happy relations between companies and agents. For company executives and field men in territories where a commission reduction program is under way or on the way, each day consists of a series of sharp encounters with agents and tempers are being tested. Most company executives are anxious to perform the operation as considerably as possible and strive to avoid applying the leverage that they possess in threatening to deny their facilities to agents who will not readily assent to the new terms. They feel that economic logic is on their side and they undertake to persuade agents to see the situation in that light without resorting to a test of power.

Many of the agents, particularly those dealing with big assured, are conscious that they are caught in what might be termed a three-way squeeze, not to be outdone by the companies whose 3-way squeeze consists of a slipping stock market, a punishing loss ratio and skyrocketing reserve requirements. One such agent, for instance, remarked that the squeeze consists of the pressure from companies to reduce commissions, the restiveness of large buyers who are faced with increased premium rates and who object to having the commission cost correspondingly increased, and the increased cost of doing business in general.

These squeezes are not conducive to emotional stability on the part of the agent and it is not unnatural for him to let off steam when treating with his companies on commissions. But most agents are not able to get the full relief from such releases of passion, because they realize the necessity of stopping short of the point where it is in order to turn back to a company its supplies. About as far as most of them feel free to go is to imply that they will enter the company in a little black book against the day when there may be a buyers' market insofar as the agents are concerned.

It would be unfortunate if an attitude of suspicion and resentment should replace the feeling of trust and comradeship that has existed throughout the

years between companies and agents. The present situation is one that breeds rumors and as they are repeated, magnified and distorted attitudes on both sides tend to become frozen and rigid. Usually these rumors have little foundation and the facts are far less inflammatory than was indicated by the excited second and third tellers.

In the larger sense companies and agents both are in the grip of an economic and political situation that is beyond either side to treat with by reference solely to each other's position. What the companies are undertaking to accomplish is dictated by their reading of the omens and by their own distressing condition and that of their stockholders, which will become more dramatic as the 1947 annual statements are revealed. The agents, apparently, don't see the omens in the same light and they are on a hunt for a villain in the piece.

Actually the decision in the final analysis rests more than it ever has before in the hands of the public. In fire insurance companies are far less likely than in the past to stay hitched to an industry rate level if they can see an advantage to be gained from departing therefrom. And such rate reduction might very well be coupled with commission reduction, in which case the public would in effect be given an opportunity to cast a ballot. It will in the future be far less a matter of what the companies are willing to pay and what the agents are prepared to take or even what the insurance department is willing to sanction than it will be a matter for the public to decide through the choices that it will have as to price of fire insurance if there are margins that can be clipped to cause insurers to offer such choices.

We think that some of the ill feeling that has arisen could be dispelled if agents and company men could keep their gaze fixed on the new potential power of the public and elevate their negotiations to a statesmanlike level; to try to divine what sort of commissions might prove to be delusive and what might be such as to promote rate stability and mean money in the bank year in and year out.

NEVER mind what has been. Remember that every morning begins a new day—a day for fresh endeavor, a day that may and should be filled with hope and gladness. Don't add to your blunders by

condemning yourself too harshly for your errors and shortcomings. Better folks than you have made worse mistakes and bigger failures. Forgive yourself as you would forgive another.

PERSONAL SIDE OF THE BUSINESS

Theodore G. Rockwell, a partner in the Moore, Case, Lyman & Hubbard metropolitan supervising agency of Chicago, has retired from the firm and is making his home in Delray Beach, Fla.,



T. G. ROCKWELL

where he purchased a home at 202 Vista Del Mar drive. Mr. Rockwell sold his home at Winnetka, Ill., in December.

He is a graduate of Cornell and for some time was a salesman with the Chicago branch of Travelers. In 1916 he joined the Moore-Case agency and after nine years was admitted to the firm as a partner. For years he directed the agency's entire casualty operations.

About 100, including agents, members of the Syracuse office of New York Fire Insurance Rating Organization, public and independent adjusters, representatives of the New York department, officers of Syracuse Field Club, officers of banks and others were guests of Excelsior of Syracuse at its New Year's party. This was in the nature of a buffet luncheon and refreshments. President Forrest H. Witmeyer, Syracuse directors of the company and staff members acted as hosts.

John F. Stafford, retired western manager of Sun, who suffered a heart attack several weeks ago while on the golf course, has now been released from the hospital and is at his home at Lake Wales, Fla.

E. C. Jeffries of the Martin-Jeffries & Co. general agency at San Diego, has been admitted to the California state bar. He is a graduate of University of Kansas, and before the war had been with Harris Trust & Savings Bank of Chicago, Lansing B. Warner, Inc., and Federated Hardware Mutuals. After returning from navy service he became associated with Mr. Martin.

C. E. Hoopes started off Jan. 2 in the managerial seat in the western department of Providence Washington, his office being gay with bouquets sent by well-wishers. He takes over from John R. Cashel, who has retired and is soon

heading for Florida. Also on deck was George R. Pape, who is a new assistant manager. For the past several years he has been Boston manager of National Liberty, but prior to that was a Chicagoan. He has bought a home at Elgin, Ill., where he resided when he formerly worked in Chicago.

Harry Brundidge, associate editor of "Cosmopolitan," has been assigned to write a biography of E. H. Crump, Memphis local agent and nationally known political leader, for publication by Doubleday & Co. The work is already under way and the book will be published this year.

Gen. J. H. Howell, Bristol, Tenn., still active as a local agency head will celebrate his 102nd birthday Jan. 17. Among notables expected to attend are Mary Pickford and her husband, Buddy Rogers. Gen. Howell was entertained in the Rogers home in Beverly Hills in 1940.

Eugene M. Brewster, vice-president of Standart, Main & Brewster, of Denver, has completed 25 years with the agency. In his earlier days he was state agent for North British & Mercantile and before that he was with Mountain States Inspection Bureau.

Ralph Danforth, vice-president of Millers National, is vacationing with Mrs. Danforth at Los Angeles. Since the time that their son was killed in the war, they have followed the custom of making a trip over the holiday season.

Randall Foster, a vice-president of the Lawton-Byrne-Bruner agency and past chairman of the educational committee of the Insurance Board of St. Louis, has been elected president of the Y.M.C.A. of St. Louis.

Russell Hobbs, manager of Western Actuarial Bureau, and Mrs. Hobbs have returned from a short holiday visit to Mr. Hobbs' brother at Los Angeles. They were able to attend the Rose Bowl game.

Albert A. Morey, vice-president of Marsh & McLennan at Chicago, has been named to head the insurance committee of the March of Dimes, conducted by the Cook county chapter of National Foundation for Infantile Paralysis. Mr. Morey has a son that was stricken with infantile paralysis about two years ago, and he made a complete recovery.

L. E. Wilkins, executive vice-president of Kansas City Fire & Marine, was scheduled to undergo a brain operation at Mayo Clinic this week. He had been suffering from eye discomfort and headaches. The trouble became acute while he was attending the recent meeting of National Assn. of Insurance Commissioners at Miami Beach with Mrs. Wilkins, and he returned to Kansas City earlier than he had planned to do.

DEATHS

James Hanning, 76, retired vice-president of John Naghten & Co., Chicago class 1 agency, died in Alexian Brothers hospital there. His death resulted from complications arising from a fractured

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hip he suffered in a fall last November. Mr. Hanning was born in Chicago and had been with Naghten & Co. since 1884, when he was just out of grammar school. He was the last remaining link in the agency between the three generations of Naghtens. As a very young man he became fire examiner and though the scope of his duties was enlarged he always considered himself first and foremost a fire underwriter with intense interest in selection problems. He trained a number of the men who have risen to prominence in the industry. His counsel was widely sought and respected both by insurance and company men. He retired in February, 1946, but maintained a desk in the office. Perhaps his outstanding personal trait, one which he jokingly said belied his Scottish ancestry, was his generosity with his money and his time.

Charles J. Frank, who operated an agency at Rochester, N. Y., died there. He previously had been with the Miller agency at Penn Yan, N. Y., for many years.

Thomas H. Jenner, 92, veteran insurance man of Evansville, Ind., died there. For many years he was with A. M. Weil agency and more recently with the McCoy agency.

Frank B. Leahy, veteran independent adjuster of Seattle, died at Swedish Hospital where he had been since Dec. 26 following a stroke.

Walter Thompson, 72, senior partner of J. W. Thompson & Son, Detroit local agents and general agents for Travelers, died there. Mr. Thompson was a native of Kalamazoo, Mich. He went to Detroit when 16 and entered the insurance business with his father, founder of the agency which still bears his name.

James N. Chesnut, an examiner for the Chicago metropolitan territory, fell or jumped from the western department offices of Springfield F. & M. on the 16th floor at 222 West Adams street, Chicago, Monday afternoon, and was killed. He had been with Springfield 32 years, having started as an office boy and except for five years when he served as an inspector in Ohio, he had been at western department headquarters. His age was 53. There was no apparent reason for him to take his life. He had

been ill in December, but had seemingly completely recovered.

Secretary M. E. Peterson had just stepped in the door after returning from the Marsh & McLennan luncheon when the fall occurred and he took charge of the dealings with police.

George F. Hayden, retired secretary of the fire companies of the America Fore group, died Jan. 1 at Winter Park, Fla. He had been in failing health for some time.

Mr. Hayden was born at Milwaukee in 1876. He graduated from Armour Institute of Technology in electrical engineering and prior to joining Continental was associated with the Chicago Board and the brokerage office of Frank & DuBois as engineer and underwriter for their railroad insurance agency.

He went with Continental as an engineer in 1909. At the time of his retirement in 1946 he was secretary in charge of public utilities and railroad departments, a position he had held for many years.

During his business career Mr. Hayden was secretary of Eastern Tornado Insurance Assn., a member of the advisory committee Railroad Insurance Assn., and Central Traction & Lighting Bureau.

Mr. Hayden is survived by his widow, Mrs. Geneva S. Hayden, a daughter, Mrs. William Blauvelt, and a son, Robert C. Hayden.

Gustave S. Tuchband, broker associated with the Moore, Case, Lyman & Hubbard agency, Chicago, died in Wesley Memorial hospital. He had been with the agency for about 20 years. Mr. Tuchband was board chairman of the Duncan Y.M.C.A., of which he had been a member for over 30 years, and also was active in the state area Y.M.C.A.

David D. Reid of the Sullivan agency of Ironwood, Mich., died after undergoing an operation at Rochester, Minn. He had been in the insurance business since his purchase of the Sullivan agency in 1922.

He had served as president of Ironwood Assn. of Insurance Agents and also as president of Gogebic County Assn. of Insurance Agents. He had

been chairman of the board of First Presbyterian Church of Ironwood for some time. Interment was at Hurley, Wis.

Stanley Lachman, 59, local agent at Chattanooga for 30 years, died of coronary thrombosis. He was a past president of both the Chattanooga Insurance Exchange and Tennessee Assn. of Insurance Agents.

William H. Plummer, 74, who had been for more than 25 years senior partner in the Brewer & Lord general agency of Boston, died at Anna Jaques hospital, Newburyport, Mass.

Nelson B. Gatch, Jr., 28, associated with Ormrod & Co., St. Louis agency, was fatally injured when his automobile was struck by a street car there. He was an A.A.F. pilot in the Pacific during the war.

War Assets Windup Won't Mean End of Insurance on Disposal Properties

WASHINGTON—Although war assets administration is scheduled to fold up as disposal agency of surplus war properties of the government by June 30, according to present plans, Grover Edwards, chief of the WAA insurance division, says there will be insurance work to be carried on for years in connection with the disposal of such properties, particularly plants and equipment leased by the government and properties, including real estate, sold on the installment plan.

WAA has demanded insurance protection of its interests under such deals in connection with mortgages and otherwise. Indications are that such protection will continue after WAA passes out of the picture. The remainder of the program now handled by WAA will be turned over to some old-line government department or other agency to handle, under proposed legislation. The federal works agency is considered the likely WAA heir. Unfinished insurance work developed under WAA will be taken over by FWA or other successor, Mr. Edwards expects.

Mr. Edwards is on loan from Reconstruction Finance Corp. to WAA and expected to return to RFC when his work is finished for WAA.

New Mich. Department Aid

LANSING, MICH. — Darlyle Waters of Jackson has been named assistant director of the agency division of the Michigan department under Ray Des Autels, director. The position is a newly created one, necessitated by expanded activity in the division.

He was a glider pilot during the war, was shot down in the Holland invasion and spent eight months in a Nazi prison. He is a Michigan State College graduate.

School for Mich. Examiners

LANSING, MICH. — The Michigan department the past week conducted a special training school for its examining force, which has been built up extensively due to increased responsibilities under new legislation. The present force numbers 20, compared with only eight a relatively short time ago.



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Auto Line to Cost Companies Money Again in '47

Rates May Not Be Ade- quate; Young Driver Experience Worse

Experience on automobile business is still far from satisfactory, and the only reason underwriters are less gloomy today than they were 12 months ago is that they are not so far in the hole as they were last year. A few companies will break even; a couple may make a dollar or two. But most of them still are smarting from their wounds which is borne out by the fact that the market for auto business today is just about as tight as it was at the beginning of 1947.

All of the latest figures indicate that the claim cost of bodily injury liability still is on the increase and shows no signs of letting up. This underwriters regard as a danger signal. If it continues to wax, it may throw off all calculations as to adequacy of rate levels. The causes are increased costs for doctors and hospitals, the higher cost of injuries and inflation conscious juries.

Depends on Prices, Wages

There has been some belief expressed that the bodily injury liability rate level is adequate, but this is only if prices level off. If there is another inflationary round of increases in wages and prices, rates aren't going to be high enough. In any estimate of adequacy, underwriters point out, it must be remembered that the full effect of bodily injury and property damage liability rate rises won't be felt until April.

The 1946 experience indicates that the present B.I. and P.D. rates are not proving satisfactory for all companies in every territory and some adjustment may be necessary. Among the tough spots are California and Illinois.

The big problem is to get needed increases when these are indicated by immature experience that is nevertheless convincing to those in the industry. Judgment of experience by those familiar with the business must be relied on and should be convincing to state supervisory authorities as well as underwriters. It is always a long time after a rate increase is authorized by an insurance department before the companies get the relief it provides.

Young Driver Worse

Companies are concerned by the experience being developed by the young driver under 25. Experience under Class A (non-business) in some states is worse than that under B, and the losses show that the major cause is young drivers. A large number of automobiles that are driven by youngsters are being forced into the assigned risk plan. Perhaps a separate classification may have to be set up for autos driven by those under 25 and a higher rate charged. At least this would make the market better.

It is interesting to note that the B.I. rate is now around 13% higher than it was prior to rationing, with P.D. rates a little more than 80% higher. Yet the cost of practically everything connected with automobiles or their repair has increased more than that.

The frequency hasn't reached pre-war speed on B.I. but it is climbing and B.I. claim costs are 40 to 50% higher.

Coverage Problems Plague Big Buyers

Several interesting questions arose at a recent meeting of insurance buyers. One official expressed concern at the attitude of its insurer carrier in refusing to defend a criminal suit filed against one of the company's elevator starters. The starter refused to allow a delivery man to enter the front door of the establishment with some freight. The delivery man insisted and after an exchange of words the elevator starter forcibly ejected the delivery man from the building, and the latter filed a criminal suit against the starter. The latter's employer engaged counsel to defend the starter on the basis that he was acting in the course of his employment.

The business concern believed that the insurer should have defended under the public liability coverage. The carrier maintained that its contract only calls for defense in case of civil suit, but eventually agreed to send an observer to court. However, it did not participate in the defense. The buyer felt that this case was similar to the liability coverage written for boards of directors. Under this coverage, he said, the insurer handled the legal defense and, if the director was proven innocent, assumed the legal costs.

Fire Legal Liability

Another buyer said that he was worried about fire legal liability protection. He was having difficulty in getting cover and said that under his property damage policy he was unable to get sufficiently high limits. In some case he had been told that the coverage excluded legal liability for damage caused by fire.

One insurance manager questioned insurance company practice on fidelity cover. He wanted to know if losses of property could be determined on a selling price rather than on a cost price basis. He said that he was able to get selling price cover under mercantile burglary for an additional premium and on fire insurance by purchasing profits and commission coverage.

P.D. claim costs are 200% higher than in 1941. Repair parts alone cost 75% more than in 1940 and car prices are up substantially 100%.

Physical Damage

On the physical damage side, experience is slightly more favorable. One reason is that elimination of the older cars in group 4 on collision automatically provided a rate increase in addition to the normal rate increases on this hazard. Consequently the increase on collision has been substantially higher than for P.D.

No one in the automobile field believes they are entitled to be optimistic; they only feel better than they did. As a whole the line has lost money again in 1947—if not the staggering millions of 1946, enough to impress underwriters as well as stockholders with the need for making the business pay its own way again.

Some of the companies have figures for part of 1947. A group of fire companies for the first nine months shows a loss ratio of 59 on material damage premiums of approximately \$3,750,000. One casualty company reports that for 11 months, on bodily injury premiums of close to \$3 million, the loss ratio was 55 and on property damage premiums of about \$1,250,000 the ratio was slightly under 70. For both B.I. and P.D., the loss ratio was just under 60.

Rehearing Is Denied

WASHINGTON—Supreme Court has denied petition for rehearing in No. 86, Bowery vs. Hartford Accident.

List Recent Dividend Changes of Mutuals

The A. M. Best Co. has published a list of mutual companies that recently have changed dividends to policyholders or amount of deviation as follows:

Alliance Mutual Casualty: Deviation lowered from 15% to 10%.

Allied American: Dividend on auto fire, theft and collision raised from 10% to 20%.

Allied Mutual Casualty: Texas dividends of 20% on B. I. and P. D. and 10% on W. C. discontinued.

American Farmers (Minn.): Dividend on workmen's compensation raised from 12% to 15%.

Arkwright: Effective Jan. 1, deposit refunds were reduced from 92% to 90% on annual policies with corresponding reductions on longer terms.

Associated General Fire: Dividend reduced from 15% to 10% on Oct. 1.

Austin: Deviation reduced to 15% in Minn., N. D., and S. D. on July 1, in Iowa on Oct. 1 and becomes effective in Wisc. on Jan. 1.

Cambridge: Dividend on fire and allied lines reduced from 20% to 15% on Oct. 1.

Citizens, Wis.: Effective Jan. 1 deviations will be 15% on protected and 10% on unprotected risks.

Colonial Mutual: Deviation reduced from 20% to 10%.

Employers Mutual Liability: Effective Sept. 1 dividend on compensation reduced from 20% to 15% and on B. I. and P. D. from 20% to 10%.

Farmers Auto, Ins. Assn.: Discontinued 5% to 10% deviation on fire and theft.

Farmers Insurance Exchange: Texas dividends reduced from 33 1/4% to 25% on all lines.

Grangers, Md.: Reduction from 20% to 15% in dividend in N. C. and Va. and in deviation in S. C., W. Va. and Ga.

Indiana Lumbermens: Dividends to be reduced from 25% to 20% on dwellings, apartments and contents and from 20% to 15% on general business effective Jan. 1.

Iowa Mutual Casualty: B. I. and P. D. now written at manual except in Mont. where deviation is 20%.

Jamestown: Dividend on compensation reduced from 15% to 10% on Aug. 1.

Littitz: Dividend on participating business to be reduced from 20% to 15% on Jan. 1.

Lowell: Dividend on fire and allied lines reduced from 20% to 15% on Nov. 1.

Merrimack: Dividend on fire and allied lines reduced from 20% to 15% on Oct. 1.

Michigan Millers: Effective Oct. 1, dividend on general business, other than dwellings, apartments and contents, reduced to 10%; mill and elevator lines to 10% and 20%.

Michigan Mutual Liability: Dividend on auto and glass reduced from 12 1/4% to 7 1/4% on Oct. 1.

Middlesex, Mass.: On Jan. 1 auto dividends in New York will be reduced to 10%.

Mill Owners: Effective Nov. 1 dividends on mill and elevator risks reduced to 10% and 20%; dwellings and apartments to 15% on annual and 10% on term policies; all other classes to 10% on annual and 5% on term policies.

National Jewelers: Effective Jan. 1 dividends will be 30% on all lines.

Ohio Hardware: Effective Sept. 1 dividend on hardware lines reduced from 25% to 15% and on general business and inland marine from 15% to 10%. Dropped 10% auto deviation.

Ohio Mutual: Dividend and deviation reduced from 20% to 15% on Sept. 1.

Pennsylvania Lumbermens: Effective Feb. 1 the dividend will be 10% for all general classes and 15% for lumber lines.

Pennsylvania Threshermen's: Effective Sept. 1 dividend on private passenger cars reduced from 15% to 10% and discontinued on buses, taxis and long haul trucks.

Protective: Deviations now are 15% on protected and 10% on unprotected risks.

Richland County: Dividend reduced from 20% to 15% on Jan. 1.

St. Paul Mutual: Deviation on fire business in Minn. reduced from 20% to 15% on July 15. Same reduction became effective in Wisc. on Jan. 1.

Salem: Dividend on fire and allied lines reduced from 20% to 15% on Oct. 1.

Standard Mutual Casualty: B. I. and P. D. now 15% discount from manual; formerly 5% to 10%.

Utilities Mutual: Compensation dividend reduced from 20% to 20%.

Western Mutual, Iowa: Dividend and deviation on mercantile risks reduced to 15%.

Western Mutual, Ohio: Dividend and deviation reduced from 20% to 15%.

The Mohrmann & Wohltmann agency, Charleston, S. C., has been incorporated with John D. Wohltmann as president.

Seek to Restore Preferred Stock Route for RFC

Dineen Asks Congress for Return of Broader Powers

WASHINGTON—Superintendent Dineen of New York soon will make an appearance before a special Senate subcommittee to ask for legislation to restore to Reconstruction Finance Corp. authority to make loans to insurers collateralized by preferred stock or to purchase preferred stock. This was disclosed by John D. Goodloe, chairman of RFC, who stated that he would not oppose such a proposal.

Last June Congress limited the RFC's lending powers so as to permit it to make only direct loans to insurance companies and banks. This removed the authority to make loans on the preferred stock of the borrower as collateral, or to make direct purchase of preferred stock.

A direct loan to an insurance company would not give relief to one that needed to improve its surplus position because such a loan would create equal amounts of liabilities and of assets. It would only aid an insurer that needed liquidity in order to meet cash demands without sacrificing securities in a depressed market.

Mr. Goodloe said that he sees no immediate need for the preferred stock type of financing, but so long as RFC is standing by, "sort of as a fire hose, I think we should have that authority."

Cites Preferred Accident

Mr. Goodloe voiced the belief that all the companies that got caught on a large volume of losses on automobile insurance after the war have now weathered the storm. Preferred Accident, which did not do so, got a \$5 million "shot in the arm from RFC," Mr. Goodloe stated.

The real problem, Mr. Goodloe said, was in the year-end statements of casualty insurance companies. To make these look better, he declared, RFC distributed just before Christmas, \$17 million to several hundred insurers as their share of the profits on war damage insurance.

Superintendent Dineen will be joined in the appeal for restoration of the authority by officials of Federal Deposit Insurance Corp., who will be acting in behalf of banks.

Tell Whole Story

It was reported that from 1932 through 1947, insurance companies domiciled in New York, borrowed as direct loans from RFC \$24,397,242 and repaid all of it with interest. New York companies borrowed \$8 1/2 million from RFC, using preferred stock as collateral. These included Globe & Rutgers, that borrowed \$3 1/2 million in May, 1934 and has repaid to date \$2,575,000, and Preferred Accident that borrowed \$5 million.

Throughout the country insurance companies have borrowed on direct loan from RFC \$90,693,209, all of which has been repaid. Borrowed on a preferred stock basis was \$52,050,000 of which \$45,815,010 has been repaid.

Senator Buck's subcommittee of banking and currency on RFC extension legislation expects a letter from Mr. Dineen regarding the RFC loan to Preferred Accident. Committee Counsel

(CONTINUED ON PAGE 19)

Loyalty Group Goes Bureau

National Bureau of Casualty Underwriters announces that Metropolitan Casualty and Commercial Casualty, Loyalty group companies, have become members of the bureau.

U.M.S. Increases Benefits

United Medical Service benefits granted members on a temporary basis last year have been made a permanent feature of the plan in New York.

The amount paid physicians for normal obstetrical delivery in the surgical plan has been increased from \$60 to \$75.

Maximum payments up to \$150 toward physician's fees have been increased to \$225. The maximum payments for each hospital admission are \$200.50 as against a former \$182.50.

The 14,000 physicians now participating in the plan have agreed to accept U.M.S. allowances as full payment for services to persons with a family income of \$2,500 or less. Persons with higher incomes may be asked to pay the difference between the amount paid by United Medical Service and the regular fee.

OK Mutual Rating Plans in Washington State

SEATTLE — Commissioner Sullivan has accepted the casualty experience rating plans of Mutual Insurance Rating Bureau. The plans as filed differ substantially from the original filings which were returned for amendment. The department previously held that the filings, as well as those of bureau and non-bureau stock companies were "susceptible to discriminatory use as between policyholders in the same classification." As revised, the plans must be used with respect to all risks in a class which are eligible.

Classes for which plans are now in effect are auto B.I., P.D. and collision; B.I., P.D. and collision other than auto; water damage and explosion and aircraft and other vehicle damage under combination residence policies; glass, burglary, theft and robbery.

The eligibility requirements and experience period for automobiles provide:

A fleet of automobiles under one ownership and under one direct operating management qualifies for experience rating provided: the annual insured car months exposure is at least the equivalent of 10 full car-years for the first nine months of the expiring policy year and for the 12 months of the year immediately preceding, or, at least five automobiles, or the equivalent, developing an annual combined B.I. and P.D. premium of \$1,000 or more at basic limits have been insured for the first nine months of the year immediately preceding. The \$1,000 premium requirement shall be calculated on the basis of the manual applicable on the rating date. If only B.I. has been carried the premium requirement shall be a minimum of \$750 . . .

An automobile dealer, repair shop, storage garage or service station qualifies for experience rating provided it develops an annual payroll of \$20,000 or more for the first nine months of the expiring policy year and for the 12 months of the year immediately preceding.

Experience for the first nine months of the expiring policy year and for the 12 months immediately preceding, designated as the first previous period, is required; experience for the second previous policy year must be used if available.

A retrospective plan has also been approved, permitting adjustment of the final premium on the basis of a risk's own experience, subject to maximum and minimum limits. The plan, which is optional for auto and general liability risks, is applicable to risks expected to develop in excess of \$1,000 manual premium.

Under the general liability experience plan, risks are eligible for rating if they develop not less than \$500 in premium for an experience period of three years. Glass risks must develop at least \$200 in annual premium to be eligible. A \$100 minimum for one year is required to experience rate burglary, theft and robbery risks, except residence, bank and safe deposit, innkeepers, warehousemen's risks.

Open Claim Branch in Mich.

Maryland Casualty has opened a new claim office at Detroit in charge of W. Lawrence Wescott. T. A. Murray is assistant manager.

The new office is in the Lafayette building and has been incorporated with the Maryland office there. Mr. Wescott has been with Maryland since 1935 and has been in claim work since 1924. Mr. Murray has been in Chicago as assistant manager of claims.

Pohlman Wins Bond Contest

H. J. Pohlman, northeast Iowa field man of Hawkeye Casualty, won the company's 1947 fidelity and surety bond selling contest. The Kansas City office finished second, Denver third, Omaha fourth and Dean Harris, northwest Iowa field man, fifth.

Malone Blocks Switch to Union Trusteed Group Plan

HARRISBURG—Commissioner Malone has refused to approve a proposed agreement between Pittsburgh hotels and the local of the Hotel & Restaurant Employees Alliance, under which a trust fund for group insurance is managed by the unions. Premiums would be paid by the employers through the fund and the group would be written in Prudential.

Some months ago, the commissioner scrapped a system under which the union handled the insurance directly. In rejecting the new proposal, Commissioner Malone said, "these employees are now enjoying benefits of an insurance program exactly the same as one called for in the new agreement. Under the present plan, however, the insurance is purchased by each individual hotel for its employees. The money is handled and the insurer selected by the employer." He commented that the new plan does not give employees any more insurance than they already have, but merely transfers operation of the plan from the employer to union officers.

He said that in addition to the basic protection, many hotel employees now have additional life insurance by contribution and one hotel provides contributory hospitalization. Under the agreement that would make union officials trustees, these employees lose all of this contributory protection. He called for adherence to Pennsylvania law which makes it incumbent on companies and their representatives to make a complete comparison of policies held with policies proposed to be sold when inducing a policyholder to lapse, forfeit or surrender his insurance to take out a policy with another company.

New Setup in Effect for Automobile Rating

National Bureau of Casualty Underwriters is now the rate filing organization for a number of fire insurance companies in connection with automobile property damage and National Automobile Underwriters Assn. will begin to act in this capacity for a number of casualty companies on auto collision.

Heretofore the bureau has taken the N.A.U.A. manual on collision and adapted it for use of its casualty carriers and N.A.U.A. has taken the bureau manual on property damage and adapted it for its fire insurers.

Beginning the first of the year the bureau will file all P.D. rates for fire and casualty companies and N.A.U.A. will file collision rates for both classes of carriers.

Another thing that will add to the number of companies for which each organization will file is the New York law permitting fire or casualty companies to write full line automobile coverage which became effective Jan. 1.

Heretofore the Appleton rule of New York has operated to prevent many omnibus insurers from becoming licensed in New York.

Hitke & Co. Licensed by Reserve for Some Lines

The Kurt Hitke & Co. agency of Chicago has been licensed by Reserve of Chicago to write specialty lines on an exclusive basis throughout the territory in which the company operates. In addition to Illinois it is at present licensed in Indiana and Arizona. It also is seeking admittance to Iowa.

This company, which for many years sold exclusively accident and health insurance, has expanded its operations with a recent capital and surplus increase to write also automobile P. L. and P. D. and full coverage, O. L. & T. plate glass, residence burglary and hospitalization in addition to A. & H.

The surplus more recently has been increased \$50,000 by contribution.

Reserve has moved into new and much larger quarters on the fifth floor of the Field building.

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Jim and Tom were friends and next-door neighbors. Their wives exchanged family "news" while their kids went off to school together. They worked at the same plant, though at different locations. . . . This particular morning neither Jim nor Tom suspected that, an hour later, Jim would be rushed to the hospital with a mangled right arm that had to be amputated. . . .

SERIOUS accidents—some of them fatal—occur in industrial plants or on large construction projects every day. With today's high production and construction activities, a carefully planned program of accident prevention such as our experienced Safety Engineers have developed for many companies, is increasingly important.

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Brokers Object to Competitive Slicing of Fees on Group

Some of the brokers who write group insurance in the large cities have been complaining that there is an increasing tendency on the part of the employers and insurance company group men to shave the brokerage commission in their negotiations over installation of group coverages. The producers maintain that their commissions are small enough on group business and should not be an item of bargaining between the customer and the insurance company. They claim that company group men could and should prevent violation of commission standards of their companies on group business and that the commission should not be subject to the whim of the buyer who is out to cut the cost of group as much as he can.

These complaints are a symptomatic of the intense competition existing on some of the "target" groups in the large metropolitan centers. Employers are aware that some insurance companies are willing to bargain to get a risk. The employers know they have considerable leverage, they can always take their business elsewhere and get something closer to what they want.

The group field is comparatively unstandardized field and many companies will tailor-make any sort of a policy for an assured. Where the commission is modified in the tailoring process, the broker may be caught. He is really in no position to object too vehemently or he may be squeezed out altogether by the customer.

One of the most common concessions which group companies will make in order to get a risk is to increase the limits they will write on any one individual. Experience rating formulas and dividends are often manipulated as a means of beating out other companies on competition.

Surety Underwriters Assn. of Chicago will meet Jan. 13 at the La Salle hotel. Among the items up for discussion is the new bond required by the state auditor's office of private cemetery operators.

Robert F. Munsell, Jr., Ocean Accident, is acting president following the death of M. J. Scheemeacker, Standard Accident.

25-Year Man

Honoring Vice-president Fred Grainger on his 25th anniversary with Federal Life & Casualty, members of the home office staff gave a dinner for him



FRED GRAINGER

at which he was presented an oil painting and a bound volume of friendly messages from people in the company and outside it. He has served the company as claim superintendent, agency director, and was largely responsible for direction of the life department from its formation in 1929 until 1937. He has been vice-president since 1943.

Talbert Retires; McKennett Zurich Eastern Claim Head

Rollin E. Talbert has retired as head of the eastern claim department of Zurich at New York and is succeeded by Fred A. McKennett, who has been superintendent of claims at Newark.

R. J. Walker, formerly assistant superintendent, becomes Newark claims superintendent. Thomas J. Healy is the new assistant superintendent there and his place as liability claims examiner is taken by Milton Monroe.

Mr. Talbert goes under Zurich's re-

tirement plan, but he will continue as general counsel and look after all Zurich legal activities in the east. He graduated from University of Missouri law school in 1911 and except for service in the first war, practiced law at Kansas City with Rosenberger & Reed, handling much insurance work, until 1925 when he went with Zurich to the position from which he is now retiring.

Mr. McKennett joined Zurich as an adjuster at St. Paul 20 years ago, previously having been with Globe Indemnity. In 1939 he was made Pittsburgh claims manager and since 1945 has been

at Newark.

Mr. Walker has been assistant superintendent at Newark since 1942. Mr. Healy has been with Zurich since 1931 and Mr. Monroe since 1941.

The hearing before the Mississippi insurance commission on the departmental ban on membership fees and automobile policies written for a period of six months at pro rata of the annual rate is scheduled for Jan. 16. State Farm Mutual Automobile is the principal insurer affected by the order and it intends to resist to the utmost.

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Seeks to Fasten Liability on Owner of Stolen Car

Suit has been brought in Baltimore city court by a motorist for damage to his car against the owner of another car, being driven at the time of the accident by a thief.

The complainant contends that the owner of the other car is liable because he had parked his car and left the keys "negligently in the ignition switch." The Maryland motor vehicle laws require that a driver, in leaving a car to stand, must stop the engine, lock the ignition and remove the key. Vincent Cesenaro is the complainant. He stated that the car was parked in front of his home and was struck by a car belonging to James McGarity while being driven by a thief. He contends that McGarity was responsible for the accident by reason of the alleged negligence in leaving the key in the ignition switch. National Guild Insurance Co. is aiding Cesenaro in his suit.

Surety Body Well Licensed

Surety Assn. of America has been licensed as a rating organization in 41 states and Alaska, and as an advisory organization in Hawaii.

In all other states, including District

of Columbia, where no rate regulatory laws have been enacted, or where licenses are not required, Surety Assn. is now lawfully operating as a rating organization, Manager Martin W. Lewis advises. It is expected that there will be no further rate promulgations in the name of Towner Rating Bureau, which terminates its 38 years of surety rate making "with a bow to its successor," Surety Assn. of America.

New RFC Plan Proposed

(CONTINUED FROM PAGE 15)

Stevens says. Such a letter has been asked by the committee and RFC, he added.

Hearings on RFC legislation will be resumed Jan. 14.

The committee staff has looked into the Preferred Accident case, Stevens said, but the committee has no intention of calling witnesses to testify regarding it. The Preferred Accident loan was arranged before the RFC power to lend insurance companies, and accept their preferred stocks as security expired under public law 113, passed last summer.

The Brooklyn claim office and safety engineering-payroll audit unit of American Surety have moved to larger quarters at 26 Court street.



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Teamwork That Wins

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Downey of Cal. Approves New Compensation Setup

Commissioner Downey of California has approved the new workmen's compensation manual and rates submitted by the California Inspection Rating Bureau, with a few exceptions. He disapproved the bureau's request to make the new rates retroactive to last September and set Jan. 1 as the effective date. The new rates, which show about 3% average increase, are to be applied to all existing policies and all new and renewal business as of Jan. 1.

The bureau has requested the retroactive date because the new higher weekly and death benefits under the law went into effect Sept. 19.

The commissioner did not approve a proposal to change the classification affecting the marking, sorting and grading of lumber prior to initial storage until the department's compensation division studies the question. The compensation rate plan for national defense projects is eliminated from the new manual.

Big Itinerary for Surety Men

A full calendar confronted representatives of Surety Assn. of America during the week of Jan. 5, with a number of meetings scheduled with insurance department officials and local surety associations in various key cities.

Elmer C. Anderson and Peter A. Zimmerman, assistant secretaries of the association, addressed the Surety Assn. of Michigan at Detroit Jan. 5, then went to Lansing to visit the Michigan department and to assist in a survey of bonding problems for a Michigan legislative committee.

Mr. Anderson's itinerary will take him from Lansing to Indianapolis, Springfield, Ill., Madison and St. Paul, for conferences with insurance departments. He will stop over at Milwaukee and Chicago for meetings of the local surety underwriters' associations.

Philip T. Morehouse, assistant secretary, will address the Surety Underwriters Assn. of New Jersey at Newark, Jan. 8, and Martin W. Lewis, general manager, will speak at a luncheon meeting in Washington of the Insurance Managers Assn. of the District of Columbia.

Geo. D. Hoban, 48, manager of the southern California casualty department of the Loyalty group, died at his home at Los Angeles Monday night of a heart attack. He had been with organization at Los Angeles since 1935 and previously was at Portland, Ore.

New "F.C.&S. Bulletins" Sales Booklet Showing P. D. Claims

A third series of actual claim summaries is available as reprints from the sales section of the "Fire, Casualty & Surety Bulletins" of THE NATIONAL UNDERWRITER. It is called "Who Knows When?" and includes an alphabetical listing of claim summaries, many of which are illustrated. The purpose of this material is to prove that small businesses are as likely to be confronted with third party claims for property damage as are larger firms.

Every claim described is genuine, all of them supplied by casualty companies. The businesses include small stores and restaurants, as well as a variety of others, running from an awning company to a tree trimmer.

The 10 page pamphlet is available with or without a name imprint. Quantity prices are: 10 copies, \$1.75; 25, \$4.25; 50, \$7.25; 100, \$14.50, and 500, \$60.

A four line imprint costs \$3.50 additional. Address orders to Fire, Casualty & Surety Bulletins, 420 East Fourth street, Cincinnati 2, O.

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Group Morbidity Studies Now Getting Under Way

NEW YORK — Studies which the Actuarial Society of America's committee on group mortality and morbidity is working were described at the meeting of the American Statistical Assn. by Morton D. Miller, assistant actuary of Equitable Society. Because the committee's work was interrupted by the war it is only now, after discussions held during the past 18 months, that the committee has completed plans for the compilation of intercompany group morbidity experience. Beginning with policy years ending in 1947 the contributing companies will be furnishing the committee with aggregate claims and exposure to risk for each group policy, appropriately classified so as to enable the derivation of unit claim costs.

It is expected that the committee's first report on group morbidity experience will be published in the 1948 "Transactions" of the Actuarial Society. For the time being, group medical expense insurance is not being studied largely because of the newness of the coverage, the wide variety of plans being written and the diversity in policy provisions. However, it is hoped that it will be possible to study it later.

Studying Surgical Claims

The committee has also undertaken a sample study based on individual surgical claims, designed to supply information regarding relative frequency with which different surgical procedures occur and the relative values of the fees being charged by doctors for these operations, for little is known about either of these matters.

The committee is not so much interested in the doctor's actual charges, since it is not contemplated that the surgeon's fee will necessarily be covered in full but it is concerned with the relationship of doctors' charges to one another for different operations. If surgical insurance is to be most effective, it is important that the maximum amount of reimbursement provided for each type of operation be reasonably proportionate to the surgeon's fee. The relative values of actual charges will make it possible to determine whether existing surgical schedules are in accord with the pattern of the fees being charged by physicians and will permit revision of the schedules where needed.

In planning the study, one of the problems was to devise a suitable classification for the various surgical procedures, bearing in mind that it should not be too detailed to be practical or insufficiently detailed for adequate analysis, and that the bulk of the coding work would be done by clerks with limited medical knowledge. A satisfactory code with about 400 classifications was prepared. Mr. Miller said the information that will be developed should be useful not only to insurance companies but to others.

Cal. Fictitious Fleet Ruling

LOS ANGELES — Commissioner Downey, answering inquiries as to the applicability of the new rate regulatory law to automobile insurance written on so-called fictitious fleets, says it is the position of the department "that preferential rates granted to an individual solely by reason of the fact that he is a member of a certain group will constitute an unfairly discriminatory rate under the provisions of this new rating law."

Perk Reviews Cal. Rate Law

LOS ANGELES—Harry Perk, Jr., former member of the executive committee of N.A.I.A., told the Southern California Fire Underwriters Assn. that California's new rate regulatory law does not, as rumored in many quarters, permit indiscriminate judgment rating of risks, but that the law, through licensed rating bureaus, predicates rating and rating systems on a doctrine of classifications. Modification of indi-

vidual classification rates, while permitted, nevertheless has to conform to standards as set forth in the law. He pointed out that while competition between companies is especially encouraged, through the anti-discrimination feature, the law prohibits competition as to assured "similarly situated", insured by the same carrier.

Milwaukee Claim Men Elect

MILWAUKEE — Earl E. Langworthy, claim manager of Travelers, has been elected president of Milwaukee Casualty Insurance Claim Managers Council, succeeding John P. O'Hair, National Surety. Elmer Ziegler, Employers Mutual, was named vice-president and Carl A. Beckstedt, Liberty Mutual, secretary.

Gulf Adds Field Men

Gulf of Dallas has made several changes in its special agency setup in Texas. All special agency territories have been rearranged and it has added three new field men: Joseph R. Goebel, who will travel out of Brownwood, Tex., James L. Tate, who will travel out of Stephenville, Tex., and Harry Dannelly, out of Corpus Christi. Charles Barnett, who has been travelling the northeast

Texas field, is being transferred from special agency work to automobile adjusting work.

So. Cal. Auditors Elect

LOS ANGELES—Southern California chapter, California Insurance Auditors Assn., has elected as president, William Spencer, State Fund; 1st vice-president, E. J. Hegbor, National Automobile & Casualty; 2d vice-president, Otto J. Judge, Fidelity & Casualty; secretary, William Lewis, Hartford Accident; treasurer, C. L. Carroll, Lumbermen's Mutuality Casualty.

Becomes Multiple Insurer

LOS ANGELES—Founders Fire & Marine has been authorized to write all lines of insurance in California except life, title and mortgage insurance. It is the first company to qualify under the "multiple line" law although there are applications pending by other companies.

R. J. Neckerman, Madison, Wis., local agent, was operated on at a hospital in San Jose, P. R., Dec. 24, having been stricken with an abdominal ailment after arriving there on the first lap of a pleasure cruise of the Caribbean area.

Latest report indicates his condition as good. Mr. Neckerman left Madison Dec. 17 on the cruise, planning to make headquarters at San Jose and make trips from there throughout the Central American area for six weeks.

L. I. Kayhart to Buffalo

Louis I. Kayhart has been appointed Buffalo and Erie County state agent of Royal-Liverpool. He was formerly state agent at Binghamton. He now succeeds Earl B. Van Vorst, who has been named executive regional manager of Royal's western department.

W. H. Ficks, Jr., Milwaukee resident engineer of Liberty Mutual, spoke on "Relation of Accident Prevention to Production" at the January meeting of the Milwaukee Society of Production & Methods Engineers.

Joseph J. Cooney, 52, manager of the liability department of Buckeye Union Casualty, died at Columbus after a brief illness. He had been with the company 13 years.

The annual party of the St. Louis Blue Goose will be held Feb. 7. There will be a dinner followed by dancing and cards.

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Drunken Fall from Window No Bar to D. I. Claim

Death resulting from a fall from a window while in a highly intoxicated condition is not ground for denying liability under the double indemnity provision of a life policy which does not specifically exclude death due to intoxication, the federal circuit court of appeals has ruled in upholding a decision of the federal district court at Bluefield, W. Va. The case is *Ayers vs. Pilot Life*. The insured was in the habit of sitting in an open window and there was no conclusive evidence of suicide.

The appeals court took the position that omission of intoxication on the list of excepted causes in the double indemnity provision was significant and justified application of the rule that the terms of the policy having been prepared by the insurer should be construed most strongly against it. The court then ruled out the idea that the insured's conduct was so reckless that his death could not be held to be accidental. It held that while sitting in an open window is imprudent, it is frequently done without injury and hence an accident resulting from it cannot be said to be a natural and probable consequence. Drunkenness at the time, though it may increase the risk, does not require a dif-

ferent conclusion, for if this were so, any accident to an intoxicated person, if it were attributable in any degree to his condition, would be excluded from the coverage.

Another Big Pier Fire

NEW YORK—Pier No. 8 at Pineapple street in Brooklyn on the East River burned to the water line Wednesday. Also destroyed was the Argentine steamship *Rio Paranda* and a floating crane, together with freight aboard the steamship and on the pier. The pier was leased by the Argentine lines.

Franz at Fond du Lac

Norman T. Franz, assistant casualty manager of Travelers at Milwaukee, discussed automobile insurance rates before the Rotary Club of Fond du Lac, Wis. He said increased insurance rates are the result of the larger number of accidents and the personal and property damage involved. Today new automobiles as well as used cars represent a much larger property value, costs of parts and labor have increased as much as 68% in some localities, and as a result the average property damage settlement involves larger amounts, Mr. Franz stated.

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THE THIRD RACE AT PIMLICO."**

Slate Prowell at St. Louis

ST. LOUIS—Nominated for president of Insurance Board of St. Louis is Oden D. Prowell, Geo. D. Capen & Company; vice-president, John J. Henschke, secretary, Paul J. Schroeder, and treasurer, John Wightman, Jr. The meeting is Jan. 20.

Under a proposed change in the constitution the office of chairman would be created to be filled by the retiring president.

Cost Survey in N. J.

New Jersey Assn. of Insurance Agents will make a survey of agency operation costs, with John Smith of Woodward & Fondiller, association actuary, aiding in the study.

Rethoret to Retire

Harry Rethoret, manager for 25 years of Fire Underwriters Investigation Bureau of Canada, will retire May 1. He has been manager since the bureau's inception.

West Shell, president of A. W. Shell & Co., Cincinnati, has been elected president of the Cincinnati Traffic Safety Council for a second term.

Marvin Pierce, president of McCall Corp., and George M. Schurman, president of National Bag Corp., have been elected trustees of Atlantic Mutual and Atlantic Mutual Indemnity.

R. R. Loss Not Covered

Railroad Insurance Assn. writes collision coverage on Missouri Pacific's streamliner trains, but neither of the trains involved in the crash near Otterville, Mo., last week were that type of equipment. Regular equipment is self insured, and consequently there was no insured collision loss. Excess liability insurance, it is understood, is carried in Lloyds, but it is doubtful if the claims as a result of the wreck will exceed Missouri Pacific's retention.

James F. McComb, underwriting manager of Public National of Miami Beach, has been elected a director of the company.

William C. Weipert, son of Karl Weipert, Cook county manager of London Assurance, Chicago, who before the war was with the MacGibeny & Wilkerson agency, Chicago, is completing his studies in the college of commerce at University of Illinois, and has just been elected to the honorary commerce fraternity of Beta Gamma Sigma. He was wounded during the war. He is preparing to reenter the insurance business at Chicago after graduation next spring.

Jack Hanna, Des Moines local agent for more than 30 years, has sold an interest in his agency to Ralph W. Seeling. The agency will be known as Hanna-Seeling.

Sterling of Chicago has been licensed in Virginia to write life, accident, health and hospitalization business.

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Brevity Important to Modern Business Letter Writing

An interesting, slide-illustrated lecture on the importance of letter-writing to all branches of the business world is being given before groups of Royal-Liverpool employees by Director of Publicity R. W. Smiley.

Mr. Smiley said the old-fashioned methods of composing a business communication must give way to the modern system. Excess wordage such as "we beg to inform," "not in a position to," and "it would be appreciated" should be replaced by what Mr. Smiley terms, "bulls-eye or hole-in-one words." These words can take the place of whole phrases without losing any of the sentence's meaning.

For example, "on" can replace the longer "under date of." "To the effect that" can easily be trimmed to "that." He cited Lincoln's Gettysburg address as an illustration of minimum effective wordage. It contains 268 words of which 92% are one and two syllable words.

Short Sentence Important

A second word- and time-saving device is to place the key words of a sentence at the beginning. This brings the important ideas to the reader's immediate attention. Short sentences also make each point stand out. It is a good plan, remarked Mr. Smiley, to write business letters in a conversational vein and avoid long, complicated, and repetitious sentences. Excess wordage, in the approximately two million letters sent out by Royal-Liverpool each year, is estimated to cost between \$50,000 and \$60,000.

Most business letter composers feel that wordy prose is the accepted method. Because the purpose is to clarify a specific point and get action Mr. Smiley explained that the smaller the word the more force and drive it possesses. For example, "provided" is by no means a difficult word but "if" is more easily understood.

Should Be Personal

Modern business letters should no longer be the impersonal, complicated things they have been in the past. They should be written on a friendly basis with good manners and deference shown for the reader and utilizing "you" in place of the egotistical "we" that has long irritated so many people.

One thing to be particularly mindful of, said Mr. Smiley, is the over-use of participles in the closing sentence of a letter. Participles are weak words and should be avoided. A strong close is of the utmost importance and before signing the writer must be certain that the letter insures against loss of the reader's time, understanding, respect and goodwill.

Hospitalization Is Key to Group

Don't ask the employer-prospect if he has group insurance, but ask him if he has hospitalization, John A. Churchman, group supervisor of Schwemm agency of Great-West Life, advised brokers attending a group sales forum in Chicago. Hospitalization is the group cover with a great appeal today, Mr. Churchman said. Group insurance has been accepted as being life insurance for so many years that an employer with group life feels he has all there is when he is asked if he has group insurance. The forum Mr. Churchman addressed was sponsored by the Insurance Brokers Assn. of Illinois and "Employee Benefit Plan Review."

Mr. Churchman advised brokers to

determine in advance where possible what benefits are in effect, saying that a group plan is "tailor-made" and can be written to provide supplementary benefits around any established plan. He pointed out, for example, that weekly accident and sickness, surgical and medical benefits can be written for an organization already having group life and Blue Cross.

He reminded the brokers that successful establishment of group plans provides centers of influence through which many casualty lines may be placed. In a preliminary discussion with an employer in answer to the inevitable question of what the cost of the plan will be, the producer should put the cost on a basis relative to his payroll, he said. He can tell the employer that for a pay raise of less than one cent an hour per employee, an employer can purchase a plan for hospital and surgical benefits. For about two or three cents per hour, the employer can pay the entire cost of the hospital and surgical plan for employees and dependents. This is the total cost and the plan can be arranged so that employees participate in the cost. The speaker said he uses this method of discussing cost because he knows that the employees would scoff at a suggested raise in pay of one or two cents per hour, whereas they would be appreciative of a plan of hospital protection that could be purchased at that rate.

Mr. Churchman mentioned the competitive advantage which insurance companies now enjoy over Blue Cross, which has been forced to raise rates twice within the year. Employees who continue Blue Cross as individuals now find that the rate is twice as high as it was a few months ago. There are many new prospects among employers who have been covered by Blue Cross, he said.

Companies Outdo Blue Cross

Mr. Churchman observed that in a comprehensive comparison of benefits and cost figures of an insurance company and Blue Cross, the company plan is almost sure to be less. One of the strong points in favor of the insurance company plan, he said, is that the subsequent cost depends upon claims experience and due to their closer cooperation with the employer, in a very high majority of cases any business enterprise can look forward to substantial reductions in cost of coverage. Even as respects health and accident, hospitalization and surgical benefits, where the number of claims is far greater than in group life, normal experience is 25 to 30% of his initial premium. This is not the limit, he said, but the sale of group insurance based on dividends overlooks the reason for establishment of the plan, which is for protection of employees in payment of their disability losses.

Most industrial employees live from week to week on their pay checks, and a disabling sickness might well be a catastrophe, Mr. Churchman concluded. To most industries, the cost of a good health and accident policy would be considered excessive by an employee, but a group plan provides such benefits at a minimum of protection which can be supplemented by individual contracts, perhaps on a non-occupational basis sold by a broker.

F. & C. Managers to Confer

The 26 managers of Fidelity & Casualty will hold their annual conference with home offices executives and department heads at New York City three days beginning Jan. 19.

J. E. Knight, director of the Ohio bureau of safety education, is speaker at the Jan. 8 meeting of the Insurance Women of Columbus on "The Traffic Problem and Its Solution." A movie will be shown in connection with his talk. Miss Ruth Blake is in charge of arrangements.

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South Dakota



CHANGES IN CASUALTY FIELD

Stephens Advanced by Employers Casualty

John F. Stephens has been named head of the newly created actuarial department of Employers Casualty and Texas Employers.

Mr. Stephens has been with the companies since 1939, except for 27 months in the marines. He has been in the accounting division since 1939, and assistant actuary since 1943.

Smith to Illinois Field

Maurice Smith, formerly with the bond department at the home office of Hawkeye Casualty, has been appointed bond field man for Illinois, with headquarters at Springfield.

Lamprey Goes to National Auto

National Automobile & Casualty has added Calder Lamprey to the claims department at Seattle. He has been with General of Seattle group as claims adjuster for eight years at Portland. He was an A.A.F. tail gunner.

Preferred Makes Number of Year End Changes

Floyd N. Dull, president of Preferred Accident, gave a luncheon at the Drug & Chemical Club in honor of Kimball C. Atwood, Jr., and Frank Schaap. Mr. Atwood, vice-president, and Mr. Schaap, secretary-treasurer, after long service in Preferred and in the organization and operation of Protective Indemnity, which recently merged into Preferred, have retired and will hereafter be identified with the company in advisory capacities. Mr. Atwood in accident and health and Mr. Schaap in casualty underwriting matters.

Lewis F. Koppang, comptroller, has been elected secretary and Walter E. Schneider, investment analyst, becomes also treasurer. Gerald S. Parker now is secretary in charge of accident and health and Cyril A. McLaughlin superintendent of the record division of that department.

In the casualty underwriting department, Victor R. Sinnott becomes assistant and secretary and Frank K. Lorenz, Kenneth L. Hunter and William A. Forrest become managers of the automobile, burglary and glass, and compensation and liability divisions, respectively. Mr. Sinnott has been with Century Indemnity. Mr. Lorenz until Jan. 1 was manager of Preferred's Pittsburgh office. Mr. Hunter was manager at Albany, and Mr. Forrest went with Preferred last September from the National Council on Compensation Insurance.

Also present at the luncheon were E.

classification of directors as to terms of office will be accomplished under amendments to the charters which were passed at the last session of the Connecticut legislature and accepted by stockholders last October.

President M. B. Brainard explained that the classification avoids the termination of the official tenure of the entire board each year and provides for the continuing in office of a majority of the board at all times.

When Mr. Enders joins the boards he will become the third member of his family in as many generations to be prominently identified with the organization. His grandfather, Thomas O. Enders, served as president of Aetna Life from 1872 to 1879; and his father, John O. Enders, has been a director of Aetna Life for more than 53 years.

Mr. Morcom joined Aetna Life in 1902. He is a former president of Assn. of Casualty & Surety Companies and of International Assn. of Casualty & Surety Underwriters.

Three Named Asst. Manager by Fidelity & Deposit

Fidelity & Deposit has made four changes in its field organization.

Crosby D. Thomas, special agent at Louisville, has been promoted to assistant manager at Denver. Mr. Thomas started with F. & D. as special agent at Newark in 1935, and transferred to Harrisburgh in 1938. He was in the army for four years.

John L. Trueheart, special agent at Memphis, has been named assistant manager at Louisville. He started with the company in 1940 at Memphis and returned there after four years in service.

Ralph B. Smith, public official bond underwriter at Boston, has been named assistant manager at Hartford. He has been with F. & D. since 1930.

Everett Meredith, special agent at Indianapolis, has been transferred in the same capacity to Memphis.



LEWIS F. KOPPANG

B. Twombly, general counsel, Messrs. Koppang, Schneider and Parker; C. N. Sergeant, general manager claim and legal department; C. A. Cole, secretary of the underwriting department; R. J. Kennedy, resident vice-president of the surety department and F. A. Mayes, assistant secretary of the agency department.

Slate Ostrom Enders and Morcom for Directors

Ostrom Enders, president of Hartford National Bank & Trust Co., and Clifford B. Morcom, vice-president of the Aetna Life companies, will be nominated next month for directors of Aetna Life, Aetna Casualty and Automobile.

Stockholders are also being informed that the directors have amended the by-laws of these companies so as to classify themselves as to terms of office. When this plan becomes effective, all directors will serve three-year terms, with four directors being elected by the stockholders each year.

As a preliminary to this plan, classification of individual directors as to terms of office has been made by lot and proxies are being solicited for slates of directors accordingly.

The election of two new directors and

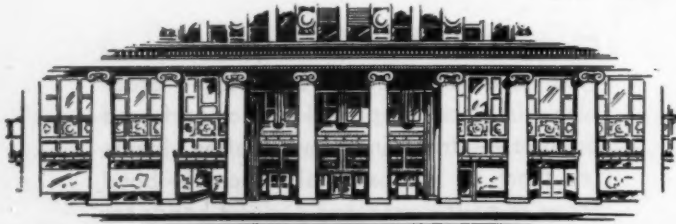
Perkins Resigns Post with United States Guarantee

NEW YORK—O. J. Perkins of the business development department of United States Guarantee, has retired at his own request after nearly 15 years of service. He will go south for several weeks of rest and relaxation after which he will return to New York and announce his future plans in the insurance field.

Mr. Perkins with United States Guarantee was responsible directly and indirectly for more than \$3 million in forgery premiums, a considerable amount of other lines of business and an extensive development of brokerage clientele for the company.

Before joining United States Guarantee he was with National Surety at Washington, Philadelphia, and Chicago. He was for eight years at Chicago as resident vice-president and regional

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The coverage indemnifies each Assured in case of claims being made by any Public Authority or Private Party in respect of any alleged wrongful act or omission or neglect or breach of duty on the part of the Assured or any of them in their respective capacities of Directors or Officers of the Corporation during the term of the insurance.

INFORMATION ON REQUEST

AMERICAN RE-INSURANCE CO.

Robert C. Ream, President

99 John Street, New York 7, N. Y.

DECEMBER 31st, 1946

CAPITAL	\$ 4,000,000.00
Surplus	8,202,508.93
Voluntary Contingency Reserve	750,000.00
Surplus to Policyholders	\$12,952,508.93
Reserve for Losses	7,320,969.41
All Other Liabilities	6,021,613.24
TOTAL ADMITTED ASSETS	\$26,295,091.58

NOTE: Securities carried at \$650,000.00 in the above statement are deposited as required by law.

CASUALTY . FIDELITY . SURETY
Re-Insurance

manager in charge of production, territorial development and underwriting, covering eight midwest states. He returned to New York in 1929 in charge of National Surety's forgery bond department, countrywide. In the next three



O. J. PERKINS

years he traveled extensively in the United States and Canada on reorganization and territorial development work. Mr. Perkins has written for insurance papers, talked before civic bodies throughout the country on criminal psychology and recently completed an exhaustive brochure on forgery sales and how to combat competition.

A son, Grant A. Perkins, is special agent of United States Guarantee out of Chicago.

Bullen Elected V.-P. of U. S. Casualty, Sherwin Promoted

Frank M. Bullen has been elected vice-president of United States Casualty and will have supervision over all casualty underwriting except New York city. Mr. Bullen has been with the company since 1916 and has been active in bureau committee work.

Robert P. Sherman, assistant manager of the burglary and plate glass department since 1918, has been promoted to manager.

SURETY

Sheriff's Sureties Sued

DES MOINES — Suits have been brought by the Polk county attorney's office against former Sheriff Vane B. Overturff and his chief deputy, Mac Byers, seeking forfeiture of \$27,000 surety bonds on the ground that they breached their oath of office by filing false and fraudulent claims for mileage and expenses.

Named as co-defendants were State Automobile of Des Moines, which bonded Overturff for \$25,000, and Central Surety which furnished Byers' bond of \$2,000.

To Review Surety Decisions

Terry Byrne, a practicing lawyer who was formerly in the surety business, will discuss the two or three major court decisions of 1947 that affect the surety business before Surety Claim Men's Forum of New York Jan. 15. Mr. Byrne, who is chairman of the law reporting committee of the forum, is also preparing a booklet listing the significant cases touching on surety during the past year, which will be available to members.

To Address N. J. Group

Philip T. Morehouse of Surety Assn. of America is discussing licensing of companies and the recent consolidation of Surety Assn. and Towner Rating Bu-

reau at the Jan. 8 luncheon of Surety Underwriters Assn. of New Jersey at Newark.

ACCIDENT

Three New Developments in Conn. Medical Picture

HARTFORD — Three developments widening the field of medical and surgical insurance in Connecticut took place last week. They were: Formation of a non-profit corporation to sell surgical insurance; broadening of Blue Cross hospital insurance to make it available within a year to everyone in the state under 65 years of age, and approval by the first county medical society of the state medical society's plan for prepaid surgical insurance.

The new corporation will be known as Connecticut Medical Service, Inc. Its plans have been approved by Commissioner Allyn. It proposes to sell surgical insurance if the Connecticut Medical Society adopts a prepaid insurance plan "which will benefit a sufficiently large proportion of the state's population."

Robert Parnall, general manager Connecticut Blue Cross made the announcement. No officers or directors have been elected. All the seven incorporators are prominent Connecticut businessmen, and five are Blue Cross directors. Among them is Harry D. Kennedy president of Connecticut Hospital Service. The plan of the incorporators, Mr. Parnall said, is to provide surgical insurance according to a program requiring the cooperation of the vast majority of the state's doctors.

Also announced last week was a plan whereunder Connecticut Hospital Service will start to receive applications for policies on an area basis for limited periods only.

The plan calls for a unique method of selling insurance. It will be offered on a community enrollment basis, and for a period of a week or two, anyone under 65 in a specified area, such as a county or town, will be able to buy it. By offering insurance during a short period only, Blue Cross hopes to avoid collecting a great many bad risks.

On the community basis, insurance will be sold to individuals or family groups at premium rates about 20% higher than the lowest now charged for payroll enrollment groups. Within a year the Blue Cross hopes that insurance will have been offered on the direct enrollment basis to all communities in the state.

Meanwhile, doctors of Litchfield County, after arguing for more than two hours about the state medical society's plan for prepaid surgical insurance, adopted a resolution approving the plan and suggesting improvements.

This was the first county medical society to meet since the state organization's house of delegates postponed action on the plan December 4. The other plan at meetings within the next three weeks.

Enters Pure Group Field

The accident and health department of Illinois Bankers Life, which now writes franchise and family groups, is preparing to enter the pure group field and expects to have its policies available within two or three months.

Issue Wichita Year Book

Wichita Assn. of Accident & Health Underwriters, which will be host to the Kansas accident and health sales congress Feb. 16-17, has published a unique "Year Book" in the form of a loose leaf daily reminder. Containing the names of the 56 members and their companies, officers and committees, it was designed and edited by C. H. Morris, Wichita attorney, a member of the association's public relations committee. It carries a letter of congratulations from Commissioner Sullivan of Kansas. A full page of inspirational and motivating

ideas prefaces each month of the daily reminder section.

The books were distributed at the Christmas meeting by Claude W. Jackson, Interstate Business Men's Accident, publicity chairman. Members brought gifts to be distributed at the Wichita Children's home. Speaker was Dr. Henry Hornung of Plymouth Congregational Church.

A. & H. Course in Utah

O. J. Breidenbaugh, executive secretary National Assn. of Accident & Health Underwriters, will again act as instructor at the second accident and health course to be given at the University of Utah Feb. 2-13.

In view of present trends toward or actual requiring for licensing accident and health agents, this short course will prove invaluable to those already or entering that field, as it presents excellent preparation for meeting state qualifications.

Plan Fla. Meeting at Tampa

A meeting of Florida Assn. of Health & Accident Underwriters will be held at Tampa Feb. 20-21, starting with a cocktail party the evening of March 20. On the 21st there will be a varied program of interesting speakers, including

a prominent doctor and a representative of a local hospital, each to give their viewpoints on health and accident insurance, and what can be done to improve it.

Earle R. Bennett, Mutual Benefit H. & A., Tampa, is general chairman in charge of the program. H. Barrett King, World, Miami, is president of the Florida association.

Arthur L. Lyttle Retires

Arthur L. Lyttle, state manager of Massachusetts Protective and Paul Revere Life for Wisconsin and upper Michigan, is retiring and will make his home at Los Angeles. He has been with the organization 27 years and went to Wisconsin in 1936. Agents tendered him a farewell party at Milwaukee.

Lester S. Ellis, for 11 years a special agent in the Lyttle agency at Milwaukee, has been promoted to general agent there.

To Hire Cost Accountant

HARTFORD—In order to cope with the steady increase in hospital costs and the consequent difficulties of administration, Connecticut Hospital Assn. is planning to reorganize, with an executive director and a cost accountant.

These key employees will try to bring

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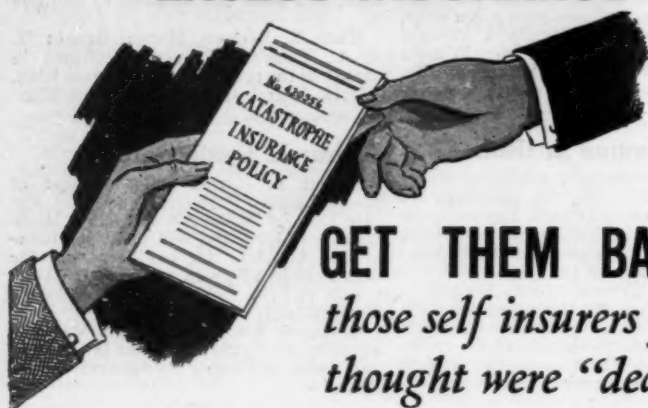
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about equalized costs and reimbursement rates, and will deal with the several government agencies on problems concerning hospitals. The trouble now is that hospital rates in Connecticut have risen faster than the reimbursement rates of federal, state, and municipal agencies.

At Hartford hospital, minimum rates for ward accommodations are now \$9.50 a day. Yet for the past year companies writing workmen's compensation insurance have allowed less than \$7 a day for patients hospitalized under the law.

Similarly, the Blue Cross hospital insurance provides \$6 a day. The same problem arises between the Veterans Administration and hospitals.

Reserve to Hold Meetings

Directors of Reserve of Chicago will gather at the home office Jan. 8 in annual meeting. There also will be a meeting there of agents and brokers at which, it is understood, a new A. & H. contract will be announced.

Steffen General Agent

Leo A. Steffen of Dubuque has been appointed general agent of Provident Life & Accident for northeastern Iowa, southwestern Wisconsin and northwestern Illinois. He has been with the company since last November. He formerly was general agent of Occidental Life and also operates a general writing agency there. He is a charter and life member of the Iowa Quarter Million Dollar Club.

Duke Is Dayton President

Spottswood W. Duke, general agent of Ohio State Life, has been elected president of the Dayton (O.) Accident & Health Underwriters Assn.

COMPANIES

Automotive to Dissolve

LOS ANGELES—Automotive Insurance Corp. has retired from business and has surrendered its license. Organized by Greene-Haldeman automobile dealer interests to write auto dealers liability, it began business in 1944. When the California department required additional reserves it issued several contribution certificates, all of which have been fully repaid.

The company ceased writing new business some time ago, allowing the business on the books to run off. It is understood that there will be close to \$400,000 to be distributed to stockholders when the corporation is dissolved.

Report on Casualty Mutual

Casualty Mutual of Chicago at Dec. 31, 1946, had assets \$291,643 and surplus \$55,255, according to the report of an examination by the Illinois department. E. E. Hielscher is secretary-treasurer and principal operating officer.

Premiums earned were \$443,785, losses incurred \$286,985, loss adjustment expenses incurred \$46,227, underwriting expenses \$113,241.

PERSONALS

John B. Rooney, secretary of Commercial and Metropolitan Casualty and secretary of Casualty Underwriters Assn. of New Jersey, has been renominated for a five-year term on the Newark zoning board.

Mortimer D. Pier, secretary of Excess, is the father of a baby girl, who has been named Patricia Louise.

DEATHS

J. Allen Cornell, 44, casualty underwriter for Marsh & McLennan in Chicago, died of a heart attack in an ambulance enroute to the hospital on New

Year's day. Mr. Cornell was a native Chicagoan and a graduate of DePaul University. He entered the business with Hartford Accident at Chicago, remaining with that company from 1932 to 1941 when he joined American Automobile. He went with Marsh & McLennan in 1946. Mr. Cornell had been in poor health for some months and through arrangement of his employers was to be admitted the day following New Year's to the hospital for a complete checkup.

Joseph J. Davis, 59, in insurance work at Indianapolis from 1919 to 1942 and former general agent of Continental Casualty, died at his home in Tampa, Fla.

Continental Casualty Gets Unusual Claim Testimonial

An unusual claim testimonial was given recently to Continental Casualty in the form of a resolution tendered by the city commission of Texas City, Tex. This document expresses appreciation for the prompt and full adjustment of 27 accidental death claims, totaling \$81,000, made by the heirs of volunteer firemen who lost their lives when the nitrate-laden ship “Grandcamp” exploded on April 16.

Continental paid all 27 claims despite the complicating circumstances that all but three of the bodies were never recovered. Proof of accidental death was that the 24 missing volunteer firemen were not seen or identified after 9:12 a.m. on the day of the explosion.

The resolution is signed by Mayor W. C. Steed and the city secretary.

WANT ADS

WANTED

A young man with several years experience and qualified to take charge of the Home Office underwriting of Burglary, General Liability and Plate Glass Department of an Indianapolis Company. A good opportunity for the right party. If interested, write giving full information. Address care P.O. Box 234, Indianapolis 4, Indiana.

WANTED

Accident and health home office claim adjuster—give experience—state age—northwest side. Address O-40, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Pacific Coast casualty insurance company desires services of an experienced general casualty underwriter for its Los Angeles office. The position offers excellent starting salary, together with opportunity for future advancement. In reply please state qualifications and date available for work.

NATIONAL AUTOMOBILE & CASUALTY INSURANCE CO., 724 So. Spring St., Los Angeles 14, Calif.

PAYROLL AUDITOR

Experienced or will train man with accounting background. Large casualty company. Five day week. Permanent. State age, experience and salary. Address O-47, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Special Agent familiar with Casualty and Surety lines for Wisconsin. In answering please give past experience, age and salary desired. All replies strictly confidential. Address O-43, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Casualty executive with 19 years experience desires position with multiple line casualty company. Prefer branch manager. Will consider underwriting or production. Age 38. Address O-46, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FRUSTRATED FIGUREMEN

Accountants Ask Simplified Premium Tax Payment Forms

Frustrated insurance accountants hope that 1948 will be a year of a reformation which will result in a uniform system for paying state premium taxes. Apparently it isn't the taxes which worry the accountants but the thousands of forms which they must submit at various times during the year in the states, and which keep the accountants in a perpetual state of chaos caused by confusing state tax regulations.

At the Miami meeting of the National Assn. of Insurance Commissioners, Cornelius G. Vanderfeen, comptroller of National Surety, who is chairman of the committee on blanks of the Assn. of Casualty & Surety Companies, submitted a report to the commissioners which outlines the woes of the accountants. A commissioners' subcommittee will study the matter and report at the next N.A. I.C. meeting.

Mr. Vanderfeen's report indicated that the diverse requirements have resulted in frustration of company accounting officers and their staffs, tremendous waste of time and expense, and inferior and delayed reportings and payments to state authorities. The accountants hope that a uniform form will be adopted which will facilitate tax reporting just as the convention blank annual statement form erased the difficulty the companies had years ago before the single form was adopted. Iowa and Wisconsin are the leaders in simplified tax forms, and accountants hope that other states will follow their lead.

Must Report in Technicolor

It is strange that at this late date the states do not agree even on such simple matters as the size or color of the form. The states require different size tax forms ranging from 8 1/4 x 13 in California to 12 x 19 in Oregon. Minnesota requires that the forms be 10 1/2 x 11 1/4. Nine states insist on specific colors. Connecticut wants a yellow and blue form, Florida and Indiana like pink, Missouri and several others want them in yellow, while Rhode Island requires both blue and pink. The accountants wish that the states would select either letter or legal size white paper and want to submit one copy. Five states find that they cannot get along without at least two copies.

Nor can the states get together on the number of pages in the forms submitted to them. Twenty-five states require forms of from two to six pages. California is the only one that wants six pages. Others want four, some want three while a few states find that they can get along with two pages in the report. The accountants believe that one page would be sufficient and if necessary, instructions and definitions and citations from state laws could be printed on the reverse side.

States Like Autographs

Like autograph hunters 25 states require two or more signatures with jurat at various places in pages of the form while one state insists on three signatures. Sixteen states manage to keep the accountants unnecessarily busy by requiring taxable premiums listed by lines of business. The accountants believe that they should report premiums for all lines of business combined unless the law applies varying rates of tax to specific lines. Twelve states unnecessarily require listing of losses by lines of business and tax forms. The accountants suggest that this be eliminated if it does not affect taxable premiums.

Twelve states create many hours of work by requiring the reporting of taxable premiums by county, agency or town. Kentucky requires the listing of premiums by producing agent or office; South Carolina requires a listing of pre-

miums by county; Kansas requires a listing of casualty premiums by township and town; while Louisiana has it broken down by parishes, cities, towns and villages. The accountants suggest that no subdivision of taxable premiums be required by subdivisions of states. Though the companies file their state experience on all lines of business in the annual statement, Alaska, Montana, Oklahoma, Oregon and Washington stipulate that the tax return be submitted on all lines of business. The accountants want to separate tax returns from any requirement for state business experience.

The accountants are unable to figure out the reason why one state bases its premium taxes on fiscal year ending June 30 while eight other states require filings and payments quarterly and semi-annually. They would like the commissioners to standardize the period of taxable premiums to that of the preceding calendar year, returns to be fileable and taxes payable annually only.

Duplications in Reports

Although 17 states have made progress in simplifying taxation regarding reinsurance, 31 states' forms still require gross premiums separately from return premiums. In many instances they require inclusion of all reinsurance assumed with subsequent deduction of reinsurance assumed from authorized companies. Some states require companies to cite separately their gross premiums and as a separate figure the current premiums. This results in companies having to make duplicate tabulations of the plus premiums separately from the minus figures solely for the purpose of filling in these blanks on the tax form. The accountants believe this is unreasonable. The other states have modernized and simplified their requirements to permit the citation of taxable premiums on a gross basis less return. The companies have available by states their gross direct premiums less returned premiums and as a separate figure their unauthorized reinsurance assumed premiums. The addition of these two items results in taxable premiums in most states.

The tax blanks of some states require companies to make a special tabulation segregating their direct return premiums and then adding to their gross direct premiums their reinsurance premiums assumed, and setting these items down separate on the tax forms, subsequently deducting the direct return premiums and authorizing reinsurance assumed. This results in numerous errors and is totally unnecessary since the companies have available accurate and balanced tabulations of gross direct premiums less returned premiums thereon, and reinsurance assumed, if any, from unauthorized companies so that the sum of these two figures would constitute taxable premiums. The accountants hope that all states will require citation of taxable direct premiums only plus reinsurance assumed from unauthorized companies if required, and with citation of deductions only for taxes previously paid or creditable by law against taxable premiums. At present the accountants are unable to decide which form some of the states will require. As to the question of accepting "net direct" on the report form, 12 of the states are listed by the accountants as in the maybe-they-will, maybe-they-won't category.

The accountants are at the wailing wall on several other scores too. Despite the fact that all states now levy taxes on direct premiums only or with the addition of unauthorized reinsurance assumed, 16 states and territories continue to require either as part of the tax blank or on supplementary schedule a listing by companies of reinsurance as-

sumed. Eight of these states require a listing by company of reinsurance ceded although this has nothing whatsoever to do with taxable premiums. The accountants hope that the commissioners will eliminate all requirements for separate or supplementary schedules of reinsurance assumed and ceded by company.

Other regulations having a real nuisance value to the accountant are those which do not require the filing and payment of premium taxes during March. Ten states require filing and payment before March 1, and 13 states require payment after March 31. Six of these 13 states require that payment cannot be accepted until they send a bill to the reporting company. The accountants consider unreasonable the requirement that they file and pay their premium taxes earlier than March 1 because of the tremendous amount of work they must do at the beginning of each year.

The detailed report by the accountants listed the states in which the discrepancies existed and mentions that in addition to the major variants as listed in the report said that there were others existing as respects alien and foreign companies and domestic companies domiciled in other states.

Although the report was written from the viewpoint of premium tax returns


required of multiple line casualty and surety companies only, fire and marine companies are faced with exactly the same problems and in the report the accountants expressed the desire that similar relief resulting from the adoption of simple, uniform requirements be extended to fire and marine companies also. A committee was appointed by the commissioners to study the proposal and requested to report back at the April, 1948 meeting in New York City.

Partington in New Post

Paul L. Partington has joined the home office staff of American Casualty. He has been superintendent of the casualty department of Seaboard Surety at New York City 4 1/2 years. Before that, he was a supervising underwriter of compensation and liability for Massachusetts Bonding at New York. He has also been with Lumbermen's Mutual Casualty.

With American Casualty Mr. Partington will supervise the policy forms and rate filing activities.

Mutual Insurers of St. Louis have moved their office to 200 North South street, where they occupy their own building. Bruce Stake is manager.



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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Organization Heads on Johnson Dinner Committee

ST. PAUL—Serving on the committee of arrangements for the testimonial dinner for Newell R. Johnson, former Minnesota commissioner here Jan. 19 will be the presidents of various state-wide insurance organizations. They are: John A. Buxton, Owatonna, Minnesota Assn. of Mutual Insurance Companies; C. G. Cedarleaf, Surety Assn. of Minnesota; George V. Fevig, Moorhead, Minnesota Assn. of Insurance Agents; W. G. Fisher, Minneapolis, vice-president Minnesota Fraternal Congress; Orris Johnson, Mankato, Minnesota Assn. of Life Underwriters; M. C. Laughman, Minneapolis, Accident & Health Underwriters Assn.; Clarence H. Mitchell, Minneapolis, Minnesota Blue Goose; Ancher Nelsen, Hutchinson, State Assn. of Farmers Mutual Insurance Companies; Gene S. Wilson, Minneapolis, Minnesota Assn. of Mutual Underwriters.

Mich. Loss \$250,000

Loss is now unofficially estimated at \$250,000 in the fire Nov. 30 in the compressor and auxiliary buildings of Michigan Gas Storage Co., near Marion, according to Michigan Inspection Bureau. A section of the gas main had been repaired by welding just prior to the loss. After the repaired main had been placed in service, the repaired section ruptured and the released gas

caught fire igniting the fibre board sheeting in the two buildings.

The bureau states that the use of combustible insulating board contributed to the spread of fire in otherwise incombustible buildings; the value of locating control valves at a safe distance from the operating area was demonstrated, and testing the repaired pipe section after installation might have prevented the loss.

Offers Non-Assessable Form

Knox County Mutual of Mt. Vernon, O., is now issuing non-assessable policies on an advance premium basis as well as operating under its traditional plan of issuing a five-year policy partially payable in advance, and taking premium notes for the balance, and with policyholders liability amounting to 20 times the cash premium. In 1946 Knox County Mutual had \$31,111 premiums, \$15,459 losses.

Ia. Steering Group to Meet

DES MOINES—The executive committee of Iowa Assn. of Insurance Agents will hold its first meeting of the year here probably Jan. 28. Plans for holding regional meetings in Iowa this spring will be made.

Iowa Mutual Hail Ready

DES MOINES—The Iowa Mutual Hail, an affiliate of Iowa Farm Bureau Federation, is ready to write insurance on 1948 crops. D. B. Groves, secre-

tary, announced that \$300,000 of guaranteed fund shares have been sold to Farm Bureau members in the state. The Iowa department has licensed the company and has approved its rates under the new rating law.

Like the other Farm Bureau companies it will sell only to farm bureau members.

Downey Talks on U. & O.

G. H. Downey, Indianapolis manager of the Buckeye Union group, talked on business interruption insurance Tuesday evening before the Whitney County Assn. of Insurance Agents at Columbia City and will make the same address Thursday at Goshen.

Church Loss at K. C., Kan.

Kansas City, Kan., suffered a major fire loss when St. Dionysius Greek Orthodox Church, a brick joisted structure, was gutted by fire of undetermined origin. Included in the loss was a 2,500 volume library, in Greek and English owned by the pastor, vestments imported from Greece, and a recently installed organ. The loss was estimated at upwards of \$40,000.

New St. Louis Officers

ST. LOUIS—New officers and directors of Associated Fire Insurance Agents & Brokers of St. Louis will be installed Jan. 22. Officers are: President, William H. Finke; vice-president, Edward A. Kamp; treasurer, Quentin P. Alt of Haas & Alt; secretary, Ben C. Finke.

Jesse W. Barrett, former attorney general of Missouri and now counsel for the association, will be toastmaster.

Cats Meow Elects

ST. LOUIS — Harold Kummerow, marine supervisor of Home, was elected most wise and powerful meow of the St. Louis court of Cats Meow at the annual meeting. He succeeds Everett H. Calliotte, Maryland Casualty.

Recorder of meows is Lester Eipper, St. Paul F. & M.; keeper of catnip, Thomas F. Collins, Phoenix; outside keeper, Arthur L. Corey, Travelers Fire; inside keeper, L. N. Beeson, broker.

Minn. Committees to Meet

The conference and the agents license committees of Minnesota Assn. of Insurance Agents will meet in the Twin Cities Jan. 19. That evening the members plan to attend the testimonial dinner for Newell R. Johnson, former commissioner, and his successor, Armand Harris.

Ralph Paul, sheriff of Franklin county, discussed traffic and its relations to insurance at the meeting of the Mutual Insurance Club of Columbus Monday.

Harlan J. Hadley of the Hadley & Mahoney agency, Indianapolis, has been named chairman of the March Red Cross fund campaign there.

Form Boulder Local Board

Local agents of Boulder, Colo., have formed an association, affiliating with Colorado Assn. of Insurance Agents and N.A.I.A. Donald Beeson of the Hogan agency was elected president, and Jack O. Robinson of Allen Enterprises, secretary.

The Colorado association was represented by Horace Jurgens and C. F. West of Longmont, and Milton Warren, L. Allen Beck and J. M. Kellett of Denver.

The Scranton, Pa., office of Standard Accident has been moved to 427 First National Bank of Scranton building. Fred O. Bosworth is manager.

COAST

Issue Replacement Cover Rules in Washington

SEATTLE — Commissioner Sullivan has released rules governing the writing of replacement insurance which has been legalized under the new Washington code. He held a public hearing Nov. 18, following which he issued the rules, which require use of the 100% average clause, prohibit dividing between different policies actual cash value and depreciation cover; require completion of the repairs within 12 months unless during those 12 months the insurer shall grant further time; the replacement must be on the same site.

Mr. Sullivan said replacement cost insurance involves increased factors of moral hazard, thus indicating the necessity of providing the coverage only where the property is fully insured and under such conditions as would not unduly encourage wilful or negligent destruction.

He said such coverage should not be apportioned into separate policies, under one of which coverage is given up to depreciated value while under another coverage is given for the amount of depreciation, since this might result in various parts of the entire coverage being underwritten by different insurers, with consequent confusion, great possibilities for fraud, and for dissension and litigation.

Three Partners Added by Jewett, Barton, Leavy & Kern

Three associates have been named junior partners in the Jewett, Barton, Leavy & Kern agency, Portland, Ore. The new partners are Gifford Bass, William B. Johnson and William W. Jewett.

Mr. Bass joined the agency in 1944, after eight years with St. Paul-Mercury Indemnity in Oregon and Washington. He is a University of Nebraska graduate.

Mr. Johnson started with the agency in 1942. Previously he had spent six years as insurance manager for a building management firm. He is a graduate of Oregon State.

Mr. Jewett joined the agency as an associate in 1945, after four years as an officer in the marines. He began his insurance career in Portland in 1934 and later was with St. Paul F. & M. in San Francisco and the Seyler-Day Co. in Los Angeles. He was named several months ago to succeed his father, the late Stanley G. Jewett, as London Lloyds agent in Oregon.

Miller Joins Groninger

Groninger & Co., Seattle general agency, has appointed John G. Miller agency superintendent. Mr. Miller, a graduate from University of Washington in 1934, spent three years with Cravens, Dargan & Co. at San Francisco and later opened the Seattle office. He entered the navy and after release as a lieutenant returned to Cravens, Dargan, in the western Washington field.

Seeley & Co. Names Gildemeister

To succeed Donald D. Crawford, who has joined Northern Life at Eugene, Seeley & Co. has named A. F. Gildemeister manager at Portland, Ore. Mr. Gildemeister has been field representa-


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ve for Aetna for four years. Mr. Gilde-
meister started in the business in 1922
in the midwest, his experience including
rating, underwriting, survey, and field
work. In 1942 he became supervising
safety engineer for the A.A.F. at Spo-
lane and Hanford.

Decker Host at Dinner

Forty new employees of the Pacific de-
partment of Royal-Liverpool at San
Francisco, who have been taking a spe-
cial educational course with the com-
pany's executives as instructors, were
the guests of Ray Decker, Pacific Coast
manager, at a dinner. Other executives
of the companies attended.

SOUTH

Nelson Retires; Smith Heads Western Ky. Operations

Western Adjustment announces the
voluntary retirement of Regional Super-
visor Frank B. Nelson of Kentucky
after almost 25 years' continuous ser-
vice. He will be succeeded by Clarence
A. Smith, manager of the Louisville
branch, who will act in the dual capacity
of regional supervisor and branch man-
ager.

Mr. Nelson, a native of Louisville, has
had a distinguished career with Western
Adjustment. He joined the organization
in 1923, serving as adjuster at Des
Moines and, in 1927, succeeded to the
managership of the Des Moines branch.
When, in 1928, Western entered Ken-
tucky, Mr. Nelson was selected to head
its organization in that state and, with
the cooperation of the head office, built
up a well balanced and thoroughly
trained staff in Louisville, Ashland,
Bowling Green, Lexington, Madison-
ville, Middlesboro, Owensboro, Paducah
and Pikeville. The company also main-
tains an office at Covington, under the
supervision of the Cincinnati branch.

Health Is Impaired

In recent years Mr. Nelson has suf-
fered severely from neuritis, and his
decision to seek retirement, though re-
luctantly made and similarly accepted,
was entirely for considerations of health.
His counsel and advice in loss matters
have been of inestimable value to his as-
sociates in the field and his services will
be greatly missed. During his long car-
eer, Mr. Nelson has enjoyed a fine rep-
utation as an unusually competent and
seasoned adjuster.

Mr. Smith entered the company's
service at Carbondale, Ill., in 1925. He
was transferred to Cape Girardeau, Mo.,
in 1927, and has spent the intervening
years since 1928 in the Kentucky field,
where he has served as resident ad-
juster at Lexington, adjuster, general
adjuster and, since 1946, manager of the

Louisville office. Mr. Smith is entirely
familiar with the responsibilities which
he now assumes.

Pension Plan "Insolvent"

KNOXVILLE, TENN.— That the
present city employees pension plan is
"insolvent and will eventually break
under the strain" was the report made to
city council by Leonard W. Ambrose,
local agent, who was assigned by the
council to investigate the plan. It per-
mits retirement at half pay at 50 after 25
years of service and the number who
are doing this and taking other jobs are
greatly increasing the pension roll, ac-
cording to Mr. Ambrose. The employee
contributes 4% of his salary and the city
3% which, on a \$200 a month salary,
would in 25 years amount to \$4,200.
However, this employee, retiring at 50
on \$100, during the 15 years he might
be expected to live would draw \$8,000.
Mr. Ambrose cites this as a potential
serious weakness of the plan.

Deputy Fire Marshal Resigns

Max A. Kimbrough, deputy state fire
marshal for east Tennessee, resigned to
make the race for sheriff of Hamilton
county.

CANADIAN

Sketch Canadian Manager of Phoenix of London

MONTREAL — Administration of
the fire and casualty departments of the
Phoenix of London group in Canada,



RALPH Y. SKETCH

formerly under separate management,
has been consolidated with the appoint-
ment of Ralph Y. Sketch, formerly agency
manager at Toronto, as manager for
Canada and Newfoundland. He succeeds
William Lawrie, who has retired after
37 years in the Canadian organization.
Mr. Lawrie was appointed Canadian
manager in 1940. In 1945-1946 he was
president of the Dominion Board.

Donald Taylor of Toronto, manager
for Canada and Newfoundland of Lon-
don Guarantee, and casualty manager
of Phoenix of London and Union Ma-
rine & General, and T. P. McGrail of
Montreal, casualty superintendent of
Phoenix for Quebec, also have retired.

The Canadian head office has been
moved from Montreal to Toronto and
the office here will only have jurisdic-
tion over Quebec, with J. C. Urquhart,
secretary of the Canadian branch, as
branch manager. Arthur Bayard, agency
superintendent here, becomes assistant
Quebec branch manager, and M. St.
Arnaud, inspector, has been promoted to
casualty superintendent.

A. T. Cunningham, fire superintendent
at Montreal, will be fire manager for

Canada and Newfoundland at Toronto;
Gordon A. Burness, casualty secretary,
Toronto, casualty manager for Canada
and Newfoundland.

Bolton to Retire; Coleman to Winnipeg for Home

Collins W. Bolton, manager at Win-
nipeg, Man., for Home, will go on leave
of absence until June 30 when he will
be retired to the reserve force of the
company. Mr. Bolton will have served
33 years as manager of Home in
Manitoba, western Ontario, and, until
a few years ago, Saskatchewan.

He will be succeeded by John T.
Coleman, who joined the company in
1938 as a special agent at Toronto. In
1946 Mr. Coleman was transferred to
Winnipeg as assistant manager. He
will continue to be assisted by James
F. Kelly, special agent.

Insurance Sask. Issue

REGINA, SASK. — Compulsory in-
surance may be the issue in an election
which is expected to be held in Sas-
katchewan shortly. Walter A. Tucker,

leader of the Liberal party, promises,
if elected, to abolish all forms of com-
pulsory and government insurance and
leave the writing of insurance in the
province to private companies.

Since it attained office, the C.C.F.
government now in power has opened
government insurance offices in direct
competition with private companies and
has brought compulsory automobile in-
surance into being. According to Mr.
Tucker, "cooperatives and other insur-
ance people have a right to make a
living without the government depriving
them of business by force."

Vancouver Agents Elect

VANCOUVER, B. C. — Vancouver
Insurance Agents Assn. has elected as
president, H. G. McCandless, and vice-
president, Howard Martin.

Manitoba Fund Needs No Priming

WINNIPEG—Motorists in Manitoba
will not have to contribute to the un-
satisfied judgment fund this year, ac-
cording to the attorney general. This
fund is an adjunct of the Manitoba
financial responsibility plan and was

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formed in 1946 to pay claims against motorists who carry no insurance. The fund now stands at \$170,000 raised by fees of \$1 levied against motorists during 1946 and 50 cents in 1947. Only one claim; that for \$1,300, has been lodged against the fund.

The attorney general says that where 27% of the drivers carried automobile insurance prior to the fund's advent, the figure now runs between 80 and 90%. Since the law went into effect, 2,116 motorists have lost the right to drive until they prove financial responsibility.

Form New Ont. Association

York County & District Agents Assn. has been formed in Ontario. President is A. E. L. Maughan, Aurora; vice-president, E. A. Lundy, Newmarket; secretary, C. F. Boyd, Newmarket.

EAST

Manual Amendments Made in New England

BOSTON—New England Fire Insurance Rating Assn. announces extensive manual amendments consistent generally with the new short rate table recently recommended by the national fire and casualty organizations.

An outstanding change will be the increase from \$5 to \$7.50 in the minimum premium on fire policies to meet increased policy writing costs. Policyholders will benefit, however, from the new definition of dwellings, which makes three and four-family dwellings eligible for broad dwelling forms. There is an additional charge of \$1 for extended coverage and vandalism endorsements.

It is further provided that if violations reported by the stamping office are not corrected within 60 days they will be reported to the insurance department.

Two Assistant Managers

The Kimball & Gilman general agency in Boston has appointed C. Robert Fraser and Henry T. Drohan as assistant managers. Both have been with the agency for 25 years.

Lumber Mutual Names Skillin

Lumber Mutual Fire has named Keith W. Skillin field assistant in the New York and middle Atlantic states area.

Binder Club of Baltimore, at its annual party, welcomed 27 new members.

Leonard Caplan and Louise Weinberg have been admitted as general partners in the Weinberg & Beal general agency of Boston.

C. W. Seabury Counts the Blessings of Insurance

(CONTINUED FROM PAGE 1)

fair, cooperative and brave. He spoke highly of the various services provided by the insurance business, which have been immensely helpful to the brokers and agents. For instance, he said that Factory Insurance Assn., which was started as a "defense organization," has multiplied many times and is now a mighty factor in the insurance business. Oil Association, he said, took over a class of business that couldn't be handled individually. He recalled that before this syndicate was formed, Globe & Rutgers was the only market and it got 6½ and 7% for oil tanks and was not able to take large enough lines to give much relief.

Grain Association, started after the first war, has been immensely helpful. Until this was established, it was impossible to deal with the situation. Handling grain lines was a nightmare for brokers. The railroad pools have also been of great service to the brokers in dealing with special situations. Intelligence has been displayed by insurance

men and brokers are thankful for it, he said. He went on to mention Western Adjustment, Underwriters Laboratories and the inspection bureaus. If it weren't for these various services, he said, the work of the broker would be much more difficult than it is. He spoke appreciatively of the insurance press, and of the Illinois insurance department, which he said has had a good administration and has been helpful to the business.

Parkinson Praises M. & M.

Mr. Parkinson, in responding, said graciously that Mr. Seabury had distributed praises to all elements of the business, except Marsh & McLennan itself, and he took occasion to praise what M. & M. has accomplished in the way of providing security for the people.

He said, in the final analysis, the number of complaints about insurance situations that reach the department, is almost negligible in relation to the volume of transactions involved. He also said that insurance is a business to be proud of and optimistic over.

Mr. Parkinson said that the January deadline for filing rates in Illinois has come and gone, and he expressed the belief that the task of making such filings and getting approval has not been "upsetting" to the insurance business. He said the department has been slow in giving approval because of the responsibility that rests on its shoulders and he asked the indulgence of the industry on this score. At very few points, he said, has it been necessary for the department to ask that a change be made in the rates as filed.

COMMISSION PROBLEM TO FORE

(CONTINUED FROM PAGE 1)

respondence with W.U.A. on the commission reduction question.

On Dec. 18, Executive Secretary John M. Nuckols addressed C. W. Ohlsen, president of W.U.A. as follows:

"Per instructions received from our class 1 voting membership assembled in annual meeting here, Dec. 16, I enclose a resolution which we earnestly hope will be received, carefully considered and favorably acted upon by you as head of Western Underwriters Assn. in the interest of harmony and mutual respect.

Want Immediate Action

"We are most earnest in our insistence that your company control association in this territory take immediate steps as urged, to rescind the unilateral action taken by a number of your member companies to reduce extended cover commissions as of Jan. 1, 1948.

"This action on the part of a number of your members appears to be consistent with the reported agreement reached at your association's meeting held at Manchester, Vt., Sept. 17, 1947. It is also believed by our members that this action arbitrarily breaches company-agency contracts, many of which have been in force and undisturbed for many years and a great many of which contain specific provisions to the effect that provisions of the contract can only be changed by "agreement."

"We will appreciate some advice from you on this subject before Jan. 1, 1948, and oblige."

Reply from E. H. Born

Mr. Nuckols received this reply from E. H. Born, manager of W.U.A., dated Dec. 26:

"We received promptly your letter of December 18th, 1947, attaching copy of a resolution adopted by the Insurance Agents, Kansas City, on Dec 16, 1947, all relating to the subject of commissions for windstorm and extended coverage insurance.

"The approach of your association to the problems of commissions is that the insurance business is essentially a unity, comprising certain elements of which agents are one element and companies are another. While in one sense there may be some appearance of accuracy in that approach, yet such appearance is a purely superficial one. It does not recognize the actualities of the situation, because the question is how the premiums derived from insurance (which premiums are based on rates now, to a very great extent, regulated and controlled by the states) shall be divided between the agents who in large measure control the placing of insurance business and the companies, which produce the policies which are the subject matter of sale by agents. This is a matter of natural competition between the agents to procure as large a share of those premiums as they can for their own advantage, and the companies to maintain rates of commission which are reasonable and equitable as possible

both for the protection of the financial position of the companies and for the benefit of the insured public which supplies the premiums to be divided.

Doesn't Enforce Views

"Your letter assumes that Western Underwriters Assn. controls, on behalf of the fire insurance companies the presentation of the company side of this question. While the Western Underwriters Assn. has made a study of the commission problem, and has informed its members of the findings resulting from such studies, yet the association, which is a trade association, does not in any way enforce its views on its members nor require that members shall follow its suggestions. Companies and their managers are entirely free to use and are expected to use individual judgment as to what they and each of them will contract with their agents to pay for business procured.

"Whether companies wish to defer decision as to changes in commissions is therefore entirely and completely a company matter with which this association does not concern itself."

In Hands of Lawyer

To this Mr. Nuckols replied Dec. 30. "This will acknowledge your letter of December 26 in reply to our letter of December 18. We are in complete disagreement with several statements made therein.

"Furthermore, we are surprised that the action of your members was not held in abeyance until the survey on agency costs being prepared by the National Assn. of Insurance Agents had been made.

"We are referring your letter to our counsel and may advise you later as to our position in this matter."

N. J. GROUP ASKS PARLEY

The executive committee of New Jersey Assn. of Insurance Agents has voted to request a conference with insurance company executives to discuss the new advisory commission scale of Eastern Underwriters Assn. The committee held a special meeting on the subject at Newark. President Alfred C. Sinn stated that the committee members felt that this attempt to reduce commissions is unsound from an economic standpoint and undeserved and unjustified from the standpoint of business morals, but nevertheless he requested that the members refrain from taking any action until the committee has been granted the requested interview.

The portion of the E.U.A. report which the New Jersey agents object to particularly is the statement that "except in circumstances out of the ordinary, it would be difficult to substantiate generally a flat commission exceeding 20% of premiums to qualified policy-writing agents—or a sliding scale averaging substantially above 20%."

The E.U.A. report stated that a graded rate of 15 and 25% is proper.

Plans for Michigan Mid-Year Meet Announced

LANSING, MICH. — Initial plans have been announced for the mid-year meeting of Michigan Assn. of Insurance Agents, to be held at Book-Cadillac hotel, Detroit, Feb. 25-27. At the morning session the last day, limited to agents only, there will be extensive discussion of association policies and principle extended coverage commissions, automobile underwriting, rate-making and other matters.

Gov. Sigler and Commissioner Forbe are to address the luncheon session the day. At the afternoon session there will be discussion panels on "Agency Management and Operation," "Public Relations" and "Education." University of Michigan extension course certificate will be presented to agents who have completed this correspondence training.

Feb. 25 will be given over to committee meetings, with a past president dinner which all local board presidents will attend. The second day business production panel discussions are to be featured, with specific subjects already listed including inland marine, ocean marine, farm insurance and bonds. The banquet will be held that evening.

Many N. Y. Queries on E. C. and Storm Damage

NEW YORK—Agents and loss men in the New York metropolitan and suburban areas reported that they have received hundreds of inquiries this week about the application of extended coverage to damages suffered by home buildings and trees from the snow and ice storm. Though few claims have been filed, many insured phoned to ask if their insurance covered rain gutters that filled with snow and ice, frost and fell, or damage done by overloaded tree limbs falling and damaging roofs and gutters.

Rather than responding with a flat "no," companies have listened to all inquiries and tried to explain the reasons for the non-application of the insurance. They did this to be sure that all valid claims would be processed, and for public relations reasons, according to one spokesman. Of the claims accepted, automobile comprehensive were in the majority. Though there was some wind during the storm the cause of the damage principally was the weight of the snow and ice, which is excluded from extended coverage.

Wisconsin Traffic Deaths Up

MADISON, WIS. — More than 75 persons lost their lives in Wisconsin traffic mishaps during 1947, topping the toll of 723 killed in 1946, according to preliminary figures of the safety division of the state motor vehicle department. Only 210 victims were pedestrians, compared to 233 in 1946.

Accident reports were submitted by approximately 80,000 drivers during the year, complying with the state law requiring every driver involved in an accident to report such accident if one or more persons were killed or injured or if property damage totaled \$50 or more. About 73,000 drivers so reporting indicated they were covered by insurance.

For failure to comply with provision of the safety responsibility law within 60 days following accident, about 7,000 motorists suffered suspension of driving privileges. However, more than 5,000 of this number were permitted to drive again upon arranging for settlement of damage.

During the year Wisconsin showed 98% recovery of stolen cars.

J. R. Clements to Pa. Field

J. R. Clements, Jr., has been appointed special agent in western Pennsylvania for Phoenix of Hartford with headquarters in the Union Bank building, Pittsburgh. He was discharged from the army as a captain and since then has been undergoing training at the Phoenix head office.

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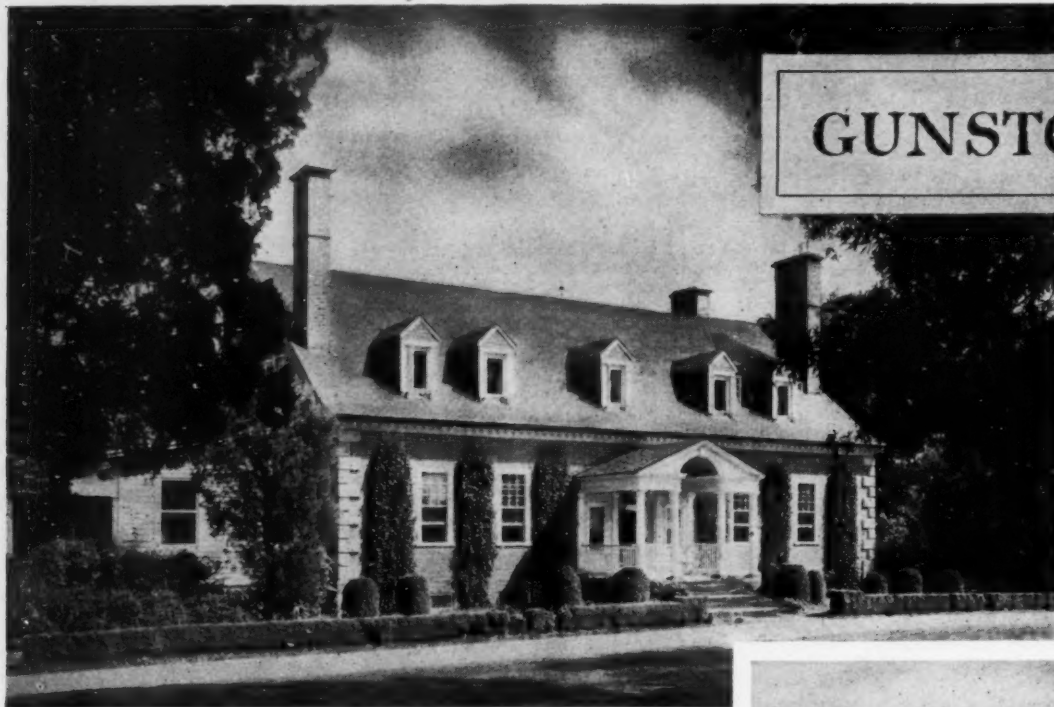
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It Pays to be The Man with The Plan



GUNSTON HALL

*"The rights
of the people
to be secure"*

FRAMED over the fireplace in the library of Gunston Hall are these famous words expressing the dignity of man, "The rights of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated . . ." In this notable room the fourth George Mason, statesman, constitutionalist, and philosopher penned these phrases for the Virginia Bill of Rights, which later became the basis for the first ten amendments to the Constitution of the United States. Here also he is said to have helped his colleague, Thomas Jefferson, write the first draft of the Declaration of Independence.



George Mason

For his newly won bride, Ann Eilbeck, Mason employed a famed English architect to build this colonial mansion of unrivaled beauty overlooking the banks of the Potomac in Fair-

fax County, Virginia. Upon its completion in 1758, he set about to develop the estate of 7000 acres into an almost self-sufficient plantation with its own blacksmiths, carpenters, coopers, weavers and tanners.

Celebrated guests frequently visited Gunston Hall, including Lafayette and neighbor George Washington who "often rowed down from Mount Vernon in a 4-oared gig . . . to visit his friend or take Sunday supper with him."

Failing health forced Mason to spend his later years in retirement but he was a constant source of counsel on questions of law and government. At a time when it was considered treason even to speak ill of the King, he became a champion of democracy and one of the first to speak out against slavery.

In 1792 this man whom Jefferson called "the wisest man of his generation" was buried on the grounds of his Gunston

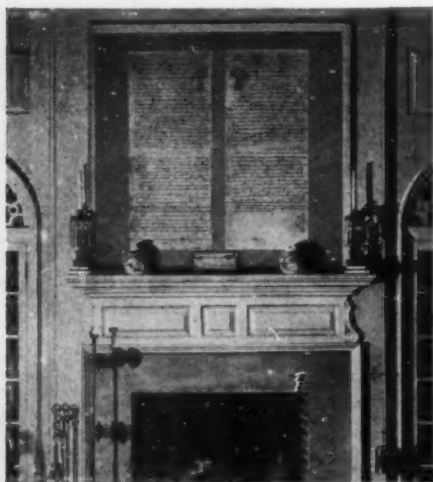


Formal garden and 192-year-old boxwood hedge

Hall. Mason had been a genial, cultivated, well-read gentleman whose descendants were to include early governors of Michigan and California.

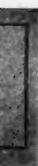
The Gunston estate gradually deteriorated after ownership passed from the Mason family in the 1860's. Reduced to a lumber camp in 1912, it was rescued by its present owner who spent thirty years and a medium-sized fortune to restore it to its former splendor. Although now privately owned, it will eventually pass to the State of Virginia under the custody of the Colonial Dames of America.

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